DRAFT ANNUAL BUDGET OF

NONGOMA MUNICIPALITY

2014/15 TO 2016/17

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	*Automated Meter Reading*
ASGISA	*Accelerated and Shared Growth Initiative*
BPC	*Budget Planning Committee*
CFO	*Chief Financial Officer*
CM	*City Manager*
CPI	*Consumer Price Index*
CRRF	*Capital Replacement Reserve Fund*
DBSA	*Development Bank of South Africa*
DORA	*Division of Revenue Act*
EE	*Employment Equity*
EM	*Executive Mayor*
FBS	*Free basic services*
GAMAP	*Generally Accepted Municipal Accounting Practice*
GDP	*Gross domestic product*
GFS	*Government Financial Statistics*
GRAP	*General Recognised Accounting Practice*
HR	*Human Resources*
HSRC	*Human Science Research Council*
IDP	*Integrated Development Strategy*
IT	*Information Technology*
KM	*Kilometre*
KPA	*Key Performance Area*
KPI	*Key Performance Indicator*
LED	*Local Economic Development*
MEC	*Member of the Executive Committee*
MFMA	*Municipal Financial Management Act Programme*
MIG	*Municipal Infrastructure Grant*
MMC	*Member of Mayoral Committee*
MPRA	*Municipal Properties Rates Act*
MSA	*Municipal Systems Act*
MTEF	*Medium-term Expenditure Framework*
MTREF	*Medium-term Revenue and Expenditure Framework*
NGO	*Non-Governmental organisations*
NKPIs	*National Key Performance Indicators*
OHS	*Occupational Health and Safety*
OP	*Operational Plan*
PMS	*Performance Management System*
PPE	*Property Plant and Equipment*
PTIS	*Public Transport Infrastructure System*
SALGA	*South African Local Government Association*
SAPS	*South African Police Service*
SDBIP	*Service Delivery Budget Implementation Plan*
SMME	*Small Micro and Medium Enterprises*

Part 1 – Annual Budget

1.1 Mayor's Budget Speech

Honorable Speaker – Cllr A N Mchunu

Honorable Deputy Mayor – Cllr T B Nyoka

Honorable Members of the Executive Committee

Honorable Councillors

Municipal Manager – Mr.BE Ntanzi

Heads of Department

Ladies and Gentlemen

I am honored to present to you the draft budget for 2014/15 financial year today. I am hopeful that you will positively engage this budget with progressive ideas aimed at shaping the future and sustainability of Nongoma Municipality.

In the past five years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave. Nongoma Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of "doing business smarter".

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Nongoma Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the **municipality's financial plan** is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

The 2014/15 budget was prepared under challenging circumstances. It has taken a lot of effort and creativity to balance this budget. What we have tried to achieve with this year's budget is to meet the obligations of the municipality towards its electorate – you the voter, you the community member of Nongoma. To bring the best services to you with the financial resources we have is a mammoth task. However working together we can do more.

Mr Speaker, it is acknowledged that while the municipality is not a profit-making institution it must be maintained and managed as a going concern; therefore we cannot do without increasing the cost of service.

We have started a revenue enhancement project, the vehicle testing centre which will be finalized in the new financial year. This project aims at increasing our revenue base, which will result in the upward revision of the grade of this municipality.

This budget is viewed by us as a budget for the people by the people. It covers the aspirations of our youth, by looking at their future. It talks to the needs of people living with HIV and AIDS. It does not discriminate people living with disabilities. It was done according to the budget guidelines.

Mister Speaker, we table several documents to the sitting of Council. We are aware that this is a huge volume but we do it to show transparency on how this budget was arrived at and the benefits to be derived by our community from the municipality's programmes.

Mister Speaker, listed below are the highlights of the 2014/15 MTREF Budget:

	Current year - 2013 / 2014		Medium Term Revenue and Expenditure Framework		
Details	**Original Bubdget**	**Revised Budget**	**Budget Year 2014/15**	**Budget Year 2015/16**	**Budget Year 2016/17**
Total operating revenue	99 959 258	116 074 470	133 127 991	161 121 922	163 711 918
Total operating expenditure	91 275 100	109 756 666	112 877 392	120 640 498	128 475 076
Operating Surplus/(Deficit)	8 684 158	6 317 804	20 250 598	40 481 424	35 236 842
Add: Total capital expenditure	95 675 000	55 649 870	57 221 000	62 660 000	63 922 000
Total Budget for the year	**186 950 100**	**165 406 536**	**170 098 392**	**183 300 498**	**192 397 076**

Emanating from the budget highlights above, the following are the revenue and expenditure detailed budget highlights:

a) Detailed operating revenue

Details	Current year - 2013 / 2014		Medium Term Revenue and Expenditure Framework		
Rands	Original Budget	Revised Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Property rates	8 410 521	22 082 310	23 318 920	24 578 141	25 905 361
Penalty interest	1 362 514	4 693 124	4 955 938	5 223 559	5 505 631
Service charges	1 655 458	1 508 442	1 592 915	1 678 932	1 769 595
Rentals of facilities	186 336	166 336	175 651	185 136	195 134
Investment revenue	481 853	481 853	508 837	536 314	565 275
Fines	67 156	67 156	70 917	74 747	78 783
Licences & Permits	2 010 000	627 670	1 010 000	1 064 540	1 122 025
Transfers recognized	85 384 000	85 534 000	100 870 000	127 122 000	127 876 000
Other revenue	401 419	913 578	624 812	658 552	694 114
Total revenue	**99 959 258**	**116 074 470**	**133 127 991**	**161 121 922**	**163 711 918**

b) Detailed operating expenditure

Details	Current year - 2013/2014		Medium Term Revenue and Expenditure Framework		
Rands	Original Budget	Revised Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Financial Performance					
Employee related costs	39 756 741	46 353 967	46 823 304	49 819 996	53 008 476
Remuneration of councillors	10 426 643	10 426 643	11 052 242	11 604 854	12 185 096
Bad debt provision	974 376	1 197 593	1 264 658	1 332 950	1 404 929
Depreciation & impairment	3 478 238	9 969 560	10 440 713	10 999 220	11 587 886
Finance charges	1 125 465	78 038	462 398	1 080 514	2 058 449
Contracted services	6 745 198	6 554 467	6 921 518	7 295 279	7 689 225
Transfers and garnts	99 196	115 924	122 184	128 782	135 736
Other expenditure	20 265 700	30 073 939	29 624 041	31 879 588	33 555 000
Repairs & maintenance	8 403 542	4 986 534	6 166 334	6 499 316	6 850 279
Total expenditure	**91 275 100**	**109 756 666**	**112 877 392**	**120 640 498**	**128 475 076**

For the purpose of strengthening the internal audit unit as well as providing more human capital in the Technical services department, the provision has been made in the budget for four (4) positions to be filled during budget period as follows:

- Internal Auditor
- Internal audit trainee.
- Two (2) Technicians for Technical services department.

c) Capital Expenditure

Details	Current year - 2013/2014		Medium Term Revenue and Expenditure Framework		
Rands	Original Budget	Revised Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
MIG projects implementation	27 343 000	27 343 000	29 812 000	31 160 000	32 422 000
MIG rolled over projects	-	7 321 777			
Electrification projects - rollover	8 000 000	9 834 378	6 000 000	10 000 000	10 000 000
NDPG projects Bus & Taxi rank	26 100 000	26 000 000	9 867 000	-	-
Municipal pound	500 000	830 000	-	-	-
Vehicle purchase	5 322 000	650 000	1 950 000	500 000	500 000
Computer equipments	93 000	236 670	225 000	-	-
Furniture	215 000	285 000	327 000	-	-
Plant and equipment	1 102 000	305 200	1 450 000	-	-
Fencing	1 000 000	-	1 120 000	1 000 000	1 000 000
Municipal offices	20 000 000	-	-	20 000 000	20 000 000
Testing centre	6 000 000	-	6 000 000	-	-
Others	-	-	470 000	-	-
Total expenditure	**95 675 000**	**72 806 025**	**57 221 000**	**62 660 000**	**63 922 000**

Some of the projects to be undertaken over the medium-term includes, amongst others:

- Bus and Taxi rank upgrade. Funding available amounts to R9.8 million
- Electrification projects to the value of R6 million
- Construction of recreational facilities (sports fields) – R0.160 million;
- Construction of rural roads – R15.1 million;
- Construction of community halls – R13.9 million
- Fencing of cemeteries R1.1 million
- Construction of phase 2 of the vehicle testing center – R6miilion
- Purchase of vehicles for waste management related services namely, TLB, compactor truck and bakkie.
- The municipality will be implementing the expanded public works programme for an amount of R1 million as per the National Treasury allocation.

Tariffs

When revising tariffs and other charges, municipalities are urged to take into account the cost of rendering a service in order to ensure financial sustainability. In revising the tariffs we have taken into account the harsh economic realities of Nongoma. It is impossible to increase the

tariffs beyond the inflation target of 6%. Municipalities are required to justify all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target.

Municipal property rates tariffs has been increased by 5.6% while tariffs for other service charges have also been increased by the same 5.6% for the 2014/15 financial year and 5.4% for the two outer years of the MTREF. This is per the budget preparation guideline provided in the MFMA budget circulars.

We will continue to provide free basic service to poor and indigent households and therefore we urge those households which qualify for indigent and other support to come forward and register for a subsidy.
Mr Speaker, allow me to confirm that although we want to do far more than the mentioned elements as well as everything that is captured in this budget, we cannot do everything in one year or even in two years but we will strive to ensure that the needs of our community are fulfilled.

In conclusion, Mr Speaker, I can without doubt state that the proposed 2014/15 multi-year budget attempts to support the role of Nongoma Municipality and will definitely contribute to poverty alleviation and improving the lives of the community.

I want to pay special gratitude to the Councillors of Nongoma, the Municipal Manager Mr BE Ntanzi, the Chief Financial Officer Mr M Mthembu, the Heads of Departments and all the staff of Nongoma, for the good work they did in producing this budget. It will improve the lives of the people.

I thank you

Hon Councillor J B Mavundla
Mayor of Nongoma Municipality.

1.2 Council Resolutions

On 27 March 2014 the Council of the Municipality met in the Council Chambers of Nongoma Municipality to consider the draft annual budget of the municipality for the financial year 2014/15. The Council approved and adopted the following resolutions:

1. The Council of Nongoma Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:

   1.1. The Draft annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:

      1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 10 on page 23;

      1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 11 on page 24;

      1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 12 on page 25; and

      1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 13 on page 27.

   1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

      1.2.1. Budgeted Financial Position as contained in Table 14 on page 29;

      1.2.2. Budgeted Cash Flows as contained in Table15 on page 31;

      1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 16 on page 32;

      1.2.4. Asset management as contained in Table 17 on page 34; and

      1.2.5. Basic service delivery measurement as contained in Table 18 on page 36.

2. The Council of Nongoma Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:

   2.1. the tariffs for property rates – as set out on page 14.

3. The Council of Nongoma Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs for other services, as set out on page 14.

4. To give proper effect to the municipality's draft annual budget, the Council of Nongoma Municipality approves:

   4.1. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2014/15 financial year.

   4.2. That the Municipal Manager be authorized to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 70 and 72 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of solid waste disposal. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is an overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Overview of the 2014/15 MTREF

	Current year - 2013 / 2014		Medium Term Revenue and Expenditure Framework		
Details	**Original Bubdget**	**Revised Budget**	**Budget Year 2014/15**	**Budget Year 2015/16**	**Budget Year 2016/17**
Total operating revenue	99 959 258	116 074 470	133 127 991	161 121 922	163 711 918
Total operating expenditure	91 275 100	109 756 666	112 877 392	120 640 498	128 475 076
Operating Surplus/(Deficit)	8 684 158	6 317 804	20 250 598	40 481 424	35 236 842
Add: Total capital expenditure	95 675 000	55 649 870	57 221 000	62 660 000	63 922 000
Total Budget for the year	**186 950 100**	**165 406 536**	**170 098 392**	**183 300 498**	**192 397 076**

Total operating revenue has grown by 14.7% or R17.1 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 21.0% and 1.6% respectively, equating to a total revenue growth of R47.6 million over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R112.8 million and translates into a budgeted surplus of R20.2 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 2.8% in the 2014/15 budget and by 6.9% in 2015/16 and 6.5% in 2016/17. The surpluses of R20.2 million, R40.4 million and R35.2 million in 2014/15, 2015/16 and 2016/17 respectively can be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R57.2 million for 2014/15 is 2.82 per cent more when compared to the 2013/14 Adjustment Budget. The capital programme increases to R62.6 million in the 2015/16 financial year and in 2016/17 to R63.9 million. A substantial portion of the capital budget will be funded from conditional grants over the MTREF. Borrowings will contribute 13.8% in 2014/15. The balance will be funded from internally generated funds.

1.4 Operating Revenue and Expenditure Framework

For the Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an annual collection rate of not less than 75% for property rates and other key service charges;

- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	2 755	5 758	7 646	8 411	22 082	22 082	22 082	23 319	24 578	25 905
Property rates - penalties & collection charges		753	1 215	1 219	1 363	4 693	4 693	4 693	4 956	5 224	5 506
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 593	1 679	1 770
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			139	149	186	166	166	166	176	185	195
Interest earned - external investments		307	404	535	482	482	482	482	509	536	565
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–
Dividends received		–	–		–	–	–	–	–	–	–
Fines		30	96	72	67	67	67	67	71	75	79
Licences and permits		740	723	647	2 010	628	628	628	1 010	1 065	1 122
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		52 575	55 641	75 393	85 384	85 534	85 534	85 534	100 870	127 122	127 876
Other revenue	2	1 180	485	559	401	914	914	914	625	659	694
Gains on disposal of PPE		22	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers)		59 374	65 931	87 787	99 959	116 074	116 074	116 074	133 128	161 122	163 712

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue transfers recognized forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 17.5 per cent of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges totalled R23.3 million. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source totalling 17.5 per cent or R23.3 million rand and increases to R25.9 million by 2016/17.The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. The Municipality has been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R100.8 million in the 2014/15 financial year and increases to R127.1 million and R127.8 in 2015/16 and 2016/17 respectively. The increase in 2015/16 and 2016/17 financial years is mainly attributable to equitable share

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		51 659	55 328	75 301	84 700	84 700	84 700	100 009	126 373	126 870
Local Government Equitable Share		49 419	53 088	72 001	81 160	81 160	81 160	96 234	123 456	123 752
Finance Management		1 450	1 450	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement		790	790	800	890	890	890	934	967	1 018
Integrated National Electrification Programme		–	–	–	–	–	–			
EPWP Incentive		–	–	1 000	1 000	1 000	1 000	1 041	–	–
Other transfers/grants [insert description]						–				
Provincial Government:		532	233	245	634	784	784	811	699	956
Provincialisation of Libraries		332	233	245	514	514	514	535	567	597
Municipal Assistance Programme		200	–	–	–	–	–	–	–	–
Community Library Services		–	–	–	120	120	120	126	132	359
Infrastructure		–	–	–	–	–	–	–	–	–
sports fields mantainance		–	–	–	–	150	150	150	–	–
District Municipality:		80	100	50	50	50	50	50	50	50
Tourism		80	100	50	50	50	50	50	50	50
Zululand district Municipality										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	52 271	55 661	75 596	85 384	85 534	85 534	100 870	127 122	127 876

Municipal tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate a 30 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
    - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
    - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;

- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 5.6% increase from 1 July 2014 is contained below:

Table 4 Comparison of proposed rates to be levied for the 2014/15 financial year

Category	Proposed Tariff (1 July 2014)	Current Tariff (1 July 2013)
	C	C
Residential property (Rebate – 30%)	0.0130	0.0124
Agricultural land	0.0033	0.0032
Public Service Infrastructure	0.0033	0.0032
Business property	0.0259	0.0246
Commercial property	0.0259	0.0246
Industrial property	0.0259	0.0246
Mining land	0.0259	0.0246
Vacant land	0.0519	0.0492
Indigent property	-	-
Specialised NMP	0.0130	0.0124
Municipal property	Nil	Nil

1.4.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles and equipment, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and

that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 5.6% increase in the waste removal tariff is proposed from 1 July 2014. Any increase higher than 5.6% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

Table 5 Comparison between current waste removal fees and increases

Category	Proposed Tariff (1 July 2014)	Current Tariff (1 July 2013)
	R	R
Domestic Consumers	95	90
Business:		
- Bulk	3 078	2 915
- Small	371	351
Governmental Institutions:		
Hospitals/Clinics	3 078	2 915
- Educational	3 078	2 915
- Other	3 078	2 915
Market Stalls	100	95
Hall Rental (Refundable Deposit of R300)	1 880	1 780
Billboards	545	517

Table 6 Summary of operating expenditure by standard classification item

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type											
Employee related costs	2	22 956	29 888	42 515	39 757	46 354	46 354	46 354	46 823	49 820	53 008
Remuneration of councillors		7 390	8 855	8 329	10 427	10 427	10 427	10 427	11 052	11 605	12 185
Debt impairment	3	5 990	1 508	887	974	1 198	1 198	1 198	1 265	1 333	1 405
Depreciation & asset impairment	2	4 375	10 524	9 952	3 478	9 970	9 970	9 970	10 518	11 077	11 665
Finance charges		276	488	381	1 126	78	78	78	462	1 081	2 058
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		3 069	3 682	5 101	15 149	11 541	11 541	11 541	6 922	7 295	7 689
Transfers and grants		–	31	67	99	116	116	116	122	129	136
Other expenditure	4, 5	27 314	30 563	28 255	20 266	30 074	30 074	30 074	35 790	38 379	40 405
Loss on disposal of PPE		–	–	382	–	–	–	–	–	–	–
Total Expenditure		71 371	85 539	95 868	91 275	109 757	109 757	109 757	112 955	120 718	128 552

The budgeted allocation for employee related costs for the 2014/15 financial year totals R46.8 million, which equals 41.5% of the total operating expenditure. Based on MFMA circular 70, salary increases have been factored into this budget at a percentage increase of 6.8% for the 2014/15 financial year. Compared to 2014/15 employee related costs have increased by 6.8% partly due to provision for additional employees required to fill vacant critical posts. An annual increase of 6.4% has been included in the two outer years of the MTREF as per the agreement between SALGA and Trade Unions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).It should be noted that last year, the MEC for COGTA only approved 95% of the remuneration packages applicable to grade 3 municipalities and that has been used as basis of budgeting for councilor's allowances in the 2014/15 financial year. A percentage increase of 6% for the 2014/15 financial and the two outer years have been factored into the budget.

The provision of debt impairment was determined based on an annual collection rate of 60 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to R1.26 million and increases up to R1.33 million by 2016/17.While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate for asset consumption. Budget appropriations in this regard total R10.518 million for the 2014/15 financial and equates to 9.31% of the total operating expenditure. Note that the municipality implemented GRAP 17 accounting standard in 2008/09 and brought a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years and going forward.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 4.69% (R462 thousand) of operating expenditure. This is due to long-term finance the municipality intends to source for the funding in respect of the construction of municipal offices and vehicle purchases.
Contracted services comprise budgeted expenditure for security services and waste management services. In the 2014/15 financial year, this group of expenditure totals R6.922 million or 6.12%.For the two outer years growth has been limited to 6.04% and 5.98%

Transfers and grants of R122 thousand relates to the provision for 50kwv free basic electricity (FBE). The above provision is anticipated to increase after additional beneficiaries has been identified.

Other expenditure comprises various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The budget has been limited to R35.7 million for 2014/15 and R38.3 million and R40.4 million for the two outer years.

1.4.3 Priority given to repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 7 Operational repairs and maintenance

KZN265 Nongoma - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		805	1 901	1 019	2 744	1 995	1 995	2 085	2 197	2 316
Infrastructure - Road transport		805	1 901	1 019	2 744	1 995	1 995	2 085	2 197	2 316
Roads, Pavements & Bridges		805	1 901	1 019	2 744	1 995	1 995	2 085	2 197	2 316
Storm water										
Other assets		1 175	941	1 529	5 659	2 992	2 992	4 082	4 302	4 534
General vehicles		593	447	510	1 450	997	997	1 004	1 059	1 116
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		5	40	255	223	499	499	101	106	112
Computers - hardware/equipment		62	39		30					
Furniture and other office equipment			200		–					
Other Buildings		515	216	765	3 956	1 496	1 496	2 976	3 137	3 307
Other					–					
Total Repairs and Maintenance Expenditure	1	1 980	2 842	2 548	8 404	4 987	4 987	6 166	6 499	6 850
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Fire		–	–	–	–	–	–	–	–	–
Conservancy		–	–	–	–	–	–	–	–	–
Ambulances		–	–	–	–	–	–	–	–	–
R&M as a % of PPE		*2.3%*	*2.0%*	*1.2%*	*2.6%*	*1.8%*	*1.8%*	*1.9%*	*1.8%*	*1.6%*
R&M as % Operating Expenditure		*2.8%*	*3.3%*	*2.7%*	*9.2%*	*4.5%*	*4.5%*	*5.5%*	*5.4%*	*5.3%*

The infrastructure relating to electricity, water and sanitation is now the responsibility of the District Municipality. The total allocation for 2014/15 equates to R6.1 million and R6.4 million and R6.8 million for 2015/16 and 2016/17 respectively. In relation to the total operating expenditure, repairs and maintenance comprises of 5.5% for 2014/15 and 5.4%and 5.3% for the two outer years of the MTREF.

Road Infrastructure has been allocated R2.1 million of total repairs and maintenance equating to 33.4% for the 2014/15 financial year. 48.2% or R2.9 million of total repairs and maintenance for 2014/15 financial year will be spent on civil buildings.

1.4.4 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 80 000 or more indigent households during the 2014/15 financial year, a process is reviewed annually. Details relating to free services, cost of free basis services as well as basic service delivery measurement is contained in Table21 SA10 (Basic Service Delivery Measurement) on page 30.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 8 2014/15 Medium-term capital budget per vote

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 3 - Corporate Services		–	–	–	20 000	–	–	–	–	20 000	20 000
Vote 4 - Sport, Recreation and Community Services		–	–	–	500	830	830	830	1 000	1 000	1 000
Vote 5 - Economic and Environmental Services		32 049	59 983	55 418	61 443	70 500	70 500	70 500	45 679	41 160	42 422
Vote 6 - Transport and Roads		–	–	–	6 000	–	–	–	6 000	–	–
Capital multi-year expenditure sub-total	7	32 049	59 983	55 418	87 943	71 330	71 330	71 330	52 679	62 160	63 422
Single-year expenditure *to be appropriated*	2										
Vote 1 - Governance and Administration		9	730	647	685	790	790	790	1 075	–	–
Vote 2 - Financial Services		978	11	123	130	115	115	115	176	–	–
Vote 3 - Corporate Services		1 092	575	3 325	1 375	19	19	19	150	–	–
Vote 4 - Sport, Recreation and Community Services		17	18	2 722	2 883	113	113	113	136	–	–
Vote 5 - Economic and Environmental Services		444	65	1 517	1 607	114	114	114	210	–	–
Vote 6 - Transport and Roads		–	–	491	520	220	220	220	220	–	–
Vote 7 - Safety and Security		–	26	–	–	–	–	–	175	–	–
Vote 8 - Solid Waste Management		223	1 373	502	532	105	105	105	2 400	500	500
Vote 9 - Tourism and Sports		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		2 763	2 797	9 326	7 732	1 476	1 476	1 476	4 542	500	500
Total Capital Expenditure - Vote		34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 221	62 660	63 922
Funded by:											
National Government		32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Provincial Government		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Borrowing	6	–	–		30 672	–	–	–	7 950	20 500	20 500
Internally generated funds		2 763	2 797	9 326	3 560	19 463	19 463	19 463	3 592	1 000	1 000
Total Capital Funding	7	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 221	62 660	63 922

For 2014/15 an amount of R45.6 million has been appropriated for the development of infrastructure and community assets which represents 79.7% of the total capital budget. In the outer years this amount totals R41.1 million and R42.4 million respectively for each of the financial years.

Total new assets represent 100% or R57.2 million of the total capital budget while no capital budget allocation has been made for asset renewal. Further detail relating to asset classes and proposed capital expenditure is contained in Table 20 A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the projects to be undertaken over the medium-term includes, amongst others:

- Bus and Taxi rank upgrade. Funding available amounts to R9.8 million
- Electrification projects to the value of R6 million
- Construction of recreational facilities (sports fields) – R0.160 million;
- Construction of rural roads – R15.1 million;
- Construction of community halls – R13.9 million
- Fencing of cemeteries R1.1 million
- Construction of phase 2 of the vehicle testing center – R6miilion
- Purchase of vehicles for waste management related services namely, TLB, compactor truck and bakkie.
- The municipality will be implementing the expanded public works programme for an amount of R1 million as per the National Treasury allocation.

National Treasury stopped the continuation of the two projects namely, Museum and By-pass road and they will be continued when the municipality has been advised to do so and funding available.

1.6 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 9 MBRR Table A1 - Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance										
Property rates	3 508	6 973	8 864	9 773	26 775	26 775	26 775	28 275	29 802	31 411
Service charges	1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 593	1 679	1 770
Investment revenue	307	404	535	482	482	482	482	509	536	565
Transfers recognised - operational	52 575	55 641	75 393	85 384	85 534	85 534	85 534	100 870	127 122	127 876
Other own revenue	1 972	1 443	1 426	2 665	1 775	1 775	1 775	1 881	1 983	2 090
Total Revenue (excluding capital transfers and contributions)	59 374	65 931	87 787	99 959	116 074	116 074	116 074	133 128	161 122	163 712
Employee costs	22 956	29 888	42 515	39 757	46 354	46 354	46 354	46 823	49 820	53 008
Remuneration of councillors	7 390	8 855	8 329	10 427	10 427	10 427	10 427	11 052	11 605	12 185
Depreciation & asset impairment	4 375	10 524	9 952	3 478	9 970	9 970	9 970	10 518	11 077	11 665
Finance charges	276	488	381	1 126	78	78	78	462	1 081	2 058
Materials and bulk purchases	–	–	–	–	–	–	–	–	–	–
Transfers and grants	–	31	67	99	116	116	116	122	129	136
Other expenditure	36 373	35 753	34 625	36 389	42 812	42 812	42 812	43 977	47 007	49 499
Total Expenditure	71 371	85 539	95 868	91 275	109 757	109 757	109 757	112 955	120 718	128 552
Surplus/(Deficit)	(11 997)	(19 608)	(8 081)	8 684	6 318	6 318	6 318	20 173	40 404	35 160
Transfers recognised - capital	36 240	63 384	71 787	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	24 243	43 776	63 706	70 127	59 661	59 661	59 661	65 852	81 564	77 582
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	24 243	43 776	63 706	70 127	59 661	59 661	59 661	65 852	81 564	77 582
Capital expenditure & funds sources										
Capital expenditure	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 221	62 660	63 922
Transfers recognised - capital	32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	30 672	–	–	–	7 950	20 500	20 500
Internally generated funds	2 763	2 797	9 326	3 560	19 463	19 463	19 463	3 592	1 000	1 000
Total sources of capital funds	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 221	62 660	63 922
Financial position										
Total current assets	9 320	11 160	13 174	12 527	27 523	27 523	27 523	46 227	75 925	98 613
Total non current assets	86 058	143 272	207 547	324 224	270 383	270 383	270 383	317 164	368 824	421 159
Total current liabilities	21 742	31 459	24 530	17 609	25 143	25 143	25 143	25 324	26 398	27 843
Total non current liabilities	4 253	6 227	5 143	39 441	3 819	3 819	3 819	11 411	30 649	47 162
Community wealth/Equity	69 383	116 747	191 048	279 701	268 945	268 945	268 945	326 655	387 703	444 767
Cash flows										
Net cash from (used) operating	26 004	55 872	71 774	60 426	65 555	65 555	65 555	62 462	83 766	80 389
Net cash from (used) investing	(34 195)	(62 921)	(64 744)	(97 369)	(55 650)	(55 650)	(55 650)	(57 221)	(62 660)	(63 922)
Net cash from (used) financing	(445)	1 004	(997)	47 833	(260)	(260)	(260)	(1 102)	(1 261)	(3 988)
Cash/cash equivalents at the year end	797	(5 249)	785	6 795	10 430	10 430	10 430	14 568	34 413	46 892
Cash backing/surplus reconciliation										
Cash and investments available	797	(5 248)	785	5 966	10 430	10 430	10 430	14 568	34 413	46 892
Application of cash and investments	16 363	21 407	17 906	8 487	10 069	10 069	10 069	5 734	(3 635)	(15 749)
Balance - surplus (shortfall)	(15 566)	(26 656)	(17 120)	(2 521)	361	361	361	8 834	38 047	62 641
Asset management										
Asset register summary (WDV)	86 058	143 272	207 547	324 224	270 383	270 383	317 164	317 164	368 824	421 159
Depreciation & asset impairment	4 375	10 524	9 952	3 478	9 970	9 970	10 518	10 518	11 077	11 665
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	1 980	2 842	2 548	8 404	4 987	4 987	6 166	6 166	6 499	6 850
Free services										
Cost of Free Basic Services provided	67	31	31	99	116	116	122	122	129	136
Revenue cost of free services provided	3	612	612	1 101	1 101	1 101	1 101	1 101	1 101	1 101
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	20	20	20	21	21	21	21	21	21	21
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	39	39	39	41	41	41	41	41	41	41

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognized is reflected on the Financial Performance Budget;
        ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
        iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation (Table A9) shows that in previous financial years many of the municipal obligations were not cash-backed. This placed the municipality in a very vulnerable financial position, as the revenue collections were at a low level. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.

Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN265 Nongoma - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard										
Governance and administration		57 190	63 082	83 786	94 274	111 054	111 054	127 854	156 819	158 960
Executive and council		–	–	–	–	–	–	–	–	–
Budget and treasury office		56 918	63 082	83 604	94 094	111 013	111 013	127 811	156 773	158 912
Corporate services		272	–	182	180	41	41	43	46	48
Community and public safety		1 081	352	696	790	1 305	1 305	1 361	1 279	1 567
Community and social services		312	168	442	738	869	869	901	794	1 056
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		770	184	254	53	436	436	460	485	511
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		36 251	63 999	73 523	64 633	55 500	55 500	47 949	42 455	43 787
Planning and development		36 251	5	22	62 623	54 872	54 872	46 939	41 391	42 665
Road transport		–	63 993	73 501	2 010	628	628	1 010	1 065	1 122
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		1 012	1 470	1 568	1 655	1 508	1 508	1 593	1 679	1 770
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		1 012	1 470	1 568	1 655	1 508	1 508	1 593	1 679	1 770
Other	4	80	–	–	50	50	50	50	50	50
Total Revenue - Standard	2	95 614	128 902	159 573	161 402	169 417	169 417	178 807	202 282	206 134
Expenditure - Standard										
Governance and administration		51 610	48 203	54 895	53 292	62 737	62 737	62 660	66 754	71 404
Executive and council		10 204	13 824	15 581	14 496	17 487	17 487	18 464	19 443	20 473
Budget and treasury office		26 811	19 978	22 103	18 270	28 858	28 858	26 814	28 927	31 485
Corporate services		14 595	14 401	17 211	20 526	16 392	16 392	17 382	18 385	19 445
Community and public safety		4 086	9 856	11 410	11 848	16 528	16 528	18 319	20 070	21 221
Community and social services		1 090	6 292	7 268	6 373	10 874	10 874	11 992	13 350	14 082
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		2 996	3 564	4 142	5 475	5 654	5 654	6 327	6 721	7 139
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		5 335	17 466	18 669	14 939	19 406	19 406	19 368	20 522	21 744
Planning and development		4 530	5 533	4 507	9 484	13 416	13 416	12 995	13 762	14 574
Road transport		805	11 933	14 162	5 455	5 990	5 990	6 373	6 760	7 171
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		9 921	8 722	9 980	10 116	10 560	10 560	11 434	12 132	12 872
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		9 921	8 722	9 980	10 116	10 560	10 560	11 434	12 132	12 872
Other	4	418	879	913	1 080	526	526	1 173	1 240	1 311
Total Expenditure - Standard	3	71 370	85 126	95 868	91 275	109 757	109 757	112 955	120 718	128 552
Surplus/(Deficit) for the year		24 244	43 776	63 705	70 127	59 661	59 661	65 852	81 564	77 582

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4 on page 26.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury Office.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN265 Nongoma - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - Governance and Administration		–	–	–	–	–	–	–	–	–
Vote 2 - Financial Services		56 918	63 082	83 604	94 094	111 013	111 013	127 811	156 773	158 912
Vote 3 - Corporate Services		272	–	182	180	41	41	43	46	48
Vote 4 - Sport, Recreation and Community Services		312	168	442	738	869	869	901	794	1 056
Vote 5 - Economic and Environmental Services		36 251	63 998	72 880	62 623	54 872	54 872	46 939	41 391	42 665
Vote 6 - Transport and Roads		–	–	643	2 010	628	628	1 010	1 065	1 122
Vote 7 - Safety and Security		770	184	254	53	436	436	460	485	511
Vote 8 - Solid Waste Management		1 012	1 470	1 568	1 655	1 508	1 508	1 593	1 679	1 770
Vote 9 - Tourism and Sports		80	–	–	50	50	50	50	50	50
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	95 614	128 902	159 573	161 402	169 417	169 417	178 807	202 282	206 134
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Governance and Administration		10 204	13 824	15 581	14 496	17 487	17 487	18 464	19 443	20 473
Vote 2 - Financial Services		26 811	19 978	22 103	18 270	28 958	28 958	26 814	28 927	31 485
Vote 3 - Corporate Services		14 595	14 401	17 211	20 526	16 392	16 392	17 382	18 385	19 445
Vote 4 - Sport, Recreation and Community Services		1 085	6 292	7 268	6 373	10 774	10 774	11 992	13 350	14 082
Vote 5 - Economic and Environmental Services		4 530	5 533	14 448	9 484	13 416	13 416	12 995	13 762	14 574
Vote 6 - Transport and Roads		805	11 933	4 221	5 455	5 990	5 990	6 373	6 760	7 171
Vote 7 - Safety and Security		2 996	3 564	4 142	5 475	5 654	5 654	6 327	6 721	7 139
Vote 8 - Solid Waste Management		9 921	8 722	9 980	10 116	10 560	10 560	11 434	12 132	12 872
Vote 9 - Tourism and Sports		418	879	913	1 080	526	526	1 173	1 240	1 311
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	71 365	85 126	95 868	91 275	109 757	109 757	112 955	120 718	128 552
Surplus/(Deficit) for the year	2	24 248	43 776	63 705	70 127	59 661	59 661	65 852	81 564	77 582

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the waste management services.

Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN265 Nongoma - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	2 755	5 758	7 646	8 411	22 082	22 082	22 082	23 319	24 578	25 905
Property rates - penalties & collection charges		753	1 215	1 219	1 363	4 693	4 693	4 693	4 956	5 224	5 506
Service charges - refuse revenue	2	1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 593	1 679	1 770
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			139	149	186	166	166	166	176	185	195
Interest earned - external investments		307	404	535	482	482	482	482	509	536	565
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–
Fines		30	96	72	67	67	67	67	71	75	79
Licences and permits		740	723	647	2 010	628	628	628	1 010	1 065	1 122
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		52 575	55 641	75 393	85 384	85 534	85 534	85 534	100 870	127 122	127 876
Other revenue	2	1 180	485	559	401	914	914	914	625	659	694
Gains on disposal of PPE		22	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers)		59 374	65 931	87 787	99 959	116 074	116 074	116 074	133 128	161 122	163 712
Expenditure By Type											
Employee related costs	2	22 956	29 888	42 515	39 757	46 354	46 354	46 354	46 823	49 820	53 008
Remuneration of councillors		7 390	8 855	8 329	10 427	10 427	10 427	10 427	11 052	11 605	12 185
Debt impairment	3	5 990	1 508	887	974	1 198	1 198	1 198	1 265	1 333	1 405
Depreciation & asset impairment	2	4 375	10 524	9 952	3 478	9 970	9 970	9 970	10 518	11 077	11 665
Finance charges		276	488	381	1 126	78	78	78	462	1 081	2 058
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		3 069	3 682	5 101	15 149	11 541	11 541	11 541	6 922	7 295	7 689
Transfers and grants		–	31	67	99	116	116	116	122	129	136
Other expenditure	4, 5	27 314	30 563	28 255	20 266	30 074	30 074	30 074	35 790	38 379	40 405
Loss on disposal of PPE		–	–	382	–	–	–	–	–	–	–
Total Expenditure		71 371	85 539	95 868	91 275	109 757	109 757	109 757	112 955	120 718	128 552
Surplus/(Deficit)		(11 997)	(19 608)	(8 081)	8 684	6 318	6 318	6 318	20 173	40 404	35 160
Transfers recognised - capital		36 240	63 384	71 787	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		24 243	43 776	63 706	70 127	59 661	59 661	59 661	65 852	81 564	77 582
Surplus/(Deficit) for the year		24 243	43 776	63 706	70 127	59 661	59 661	59 661	65 852	81 564	77 582

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R133.1 million in 2014/15 and increases to R163.7 million by 2016/17. The significant increase throughout the MTREF mainly is due to an increasing allocation for the equitable share.
2. Revenue to be generated from property rates is R23.3 million in the 2014/15 financial year which represents 17.5% of the operating revenue base of the Municipality and R25.9 million by 2016/17. Beside the annual inflation adjustment, the transfer of residential properties to the new owners is expected to generate additional property rates revenue. The assessment of rates to the new public works properties – schools previously not assessed – has been catered for and brings more revenue to the municipality.
3. Services charges relating to refuse removal constitutes 1.1% or R1.5 million of the operating revenue budget for the 2014/15 financial year and increasing to R1.7 million by 2016/17.
4. The drivers testing centre is expected to be functional in 2014/15 financial year. Licence and permits are, therefore, expected to generate R1.010 million in 2014/15 and increasing to R1.1 million in 2016/17.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 17.9%, 26.1% and 0.6%for 2014/15 and two outer years respectively.
6. Employee related cost is the main cost-driver within the municipality. Salaries and wages have increased significantly over the 2014/15 to 2016/17 period escalating from R46.8 million to R53.0 million.
7. General expenses have increased from R29.6 million in 2014/15 to R33.5 in 2016/17.

Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN265 Nongoma - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Governance and Administration		–	–	–	–	–	–	–	–	–	–
Vote 2 - Financial Services		–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services		–	–	–	20 000	–	–	–	–	20 000	20 000
Vote 4 - Sport, Recreation and Community Services		–	–	–	500	830	830	830	1 000	1 000	1 000
Vote 5 - Economic and Environmental Services		32 049	59 983	55 418	61 443	70 500	70 500	70 500	45 679	41 160	42 422
Vote 6 - Transport and Roads		–	–	–	6 000	–	–	–	6 000	–	–
Vote 7 - Safety and Security		–	–	–	–	–	–	–	–	–	–
Vote 8 - Solid Waste Management		–	–	–	–	–	–	–	–	–	–
Vote 9 - Tourism and Sports		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	32 049	59 983	55 418	87 943	71 330	71 330	71 330	52 679	62 160	63 422
Single-year expenditure *to be appropriated*	2										
Vote 1 - Governance and Administration		9	730	647	685	790	790	790	1 075	–	–
Vote 2 - Financial Services		978	11	123	130	115	115	115	176	–	–
Vote 3 - Corporate Services		1 092	575	3 325	1 375	19	19	19	150	–	–
Vote 4 - Sport, Recreation and Community Services		17	18	2 722	2 883	113	113	113	136	–	–
Vote 5 - Economic and Environmental Services		444	65	1 517	1 607	114	114	114	210	–	–
Vote 6 - Transport and Roads		–	–	491	520	220	220	220	220	–	–
Vote 7 - Safety and Security		–	26	–	–	–	–	–	175	–	–
Vote 8 - Solid Waste Management		223	1 373	502	532	105	105	105	2 400	500	500
Vote 9 - Tourism and Sports		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		2 763	2 797	9 326	7 732	1 476	1 476	1 476	4 542	500	500
Total Capital Expenditure - Vote		34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 221	62 660	63 922
Capital Expenditure - Standard											
Governance and administration		2 079	36 486	4 094	22 190	924	924	924	1 401	20 000	20 000
Executive and council		9	29	647	685	790	790	790	1 075	–	–
Budget and treasury office		978	33 967	123	130	115	115	115	176	–	–
Corporate services		1 092	2 490	3 325	21 375	19	19	19	150	20 000	20 000
Community and public safety		17	42	3 194	3 383	943	943	943	7 311	1 000	1 000
Community and social services		17	32	3 194	3 383	943	943	943	7 136	1 000	1 000
Public safety			10	–	–	–	–	–	175	–	–
Economic and environmental services		32 493	26 083	56 954	69 570	70 834	70 834	70 834	46 109	41 160	42 422
Planning and development		32 493	26 083	55 418	63 050	70 614	70 614	70 614	45 889	41 160	42 422
Road transport				1 536	6 520	220	220	220	220	–	–
Environmental protection				–	–	–	–	–	–	–	–
Trading services		223	169	502	532	105	105	105	2 400	500	500
Waste management		223	169	502	532	105	105	105	2 400	500	500
Other		–	–	–		–	–	–	–	–	–
Total Capital Expenditure - Standard	3	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 221	62 660	63 922
Funded by:											
National Government		32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Transfers recognised - capital	4	32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Borrowing	6	–	–		30 672	–	–	–	7 950	20 500	20 500
Internally generated funds		2 763	2 797	9 326	3 560	19 463	19 463	19 463	3 592	1 000	1 000
Total Capital Funding	7	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 221	62 660	63 922

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2014/15 R52.6 million has been allocated of the total R57.2 million capital budget, which totals 91.9%. This allocation increases to R62.1 million in 2015/16 and then further increases to R63.4 million in 2016/17 owing primarily to the fact that new projects will be commenced during the next two financial years.

3. Single-year capital expenditure has been appropriated at R4.5 million for the 2014/15 financial year and decreases to R0.5 million in 2016/17.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment.

5. The capital programme is funded from national capital grants, borrowings and internally generated funds from current year surpluses. For 2014/15, capital transfers totals R45.6 million and decrease to R41.1 million by 2015/16 and decrease to R42.4 in 2016/17. Borrowing has been provided at R7.9 million in 2014/15 mainly for the acquisition of motor vehicles and testing centre phase completion. Internally generated funding amount to R3.5 million, R1 million and R1 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 14 MBRR Table A6 -Budgeted Financial Position

KZN265 Nongoma - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		213	–	134	3 818	9 297	9 297	9 297	12 926	32 234	44 148
Call investment deposits	1	584	888	651	2 148	1 133	1 133	1 133	1 642	2 178	2 743
Consumer debtors	1	6 601	8 734	10 359	4 640	15 063	15 063	15 063	28 064	37 852	45 430
Other debtors		1 921	1 538	2 030	1 921	2 030	2 030	2 030	3 595	3 660	6 292
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	–	–	–	–	–	–	–	–	–	–
Total current assets		9 320	11 160	13 174	12 527	27 523	27 523	27 523	46 227	75 925	98 613
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	85 522	142 666	207 149	323 982	270 161	270 161	270 161	317 039	368 798	421 230
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		536	605	398	242	222	222	222	124	26	(72)
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		86 058	143 272	207 547	324 224	270 383	270 383	270 383	317 164	368 824	421 159
TOTAL ASSETS		95 378	154 432	220 721	336 751	297 906	297 906	297 906	363 390	444 750	519 772
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	6 136	–	–	–	–	–	–	–	–
Borrowing	4	303	252	272	2 272	282	282	282	1 102	1 261	3 988
Consumer deposits		–	–	–	–	–	–	–	–	–	–
Trade and other payables	4	20 150	25 070	24 258	14 048	23 806	23 806	23 806	23 167	24 081	22 801
Provisions		1 289			1 289	1 055	1 055	1 055	1 055	1 055	1 055
Total current liabilities		21 742	31 459	24 530	17 609	25 143	25 143	25 143	25 324	26 398	27 843
Non current liabilities											
Borrowing		–	1 330	674	35 188	404	404	404	7 997	27 235	43 748
Provisions		4 253	4 896	4 469	4 253	3 414	3 414	3 414	3 414	3 414	3 414
Total non current liabilities		4 253	6 227	5 143	39 441	3 819	3 819	3 819	11 411	30 649	47 162
TOTAL LIABILITIES		25 995	37 685	29 673	57 049	28 961	28 961	28 961	36 735	57 047	75 005
NET ASSETS	5	69 383	116 747	191 048	279 701	268 945	268 945	268 945	326 655	387 703	444 767
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		69 383	116 747	191 048	279 701	268 945	268 945	268 945	326 655	387 703	444 767
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	69 383	116 747	191 048	279 701	268 945	268 945	268 945	326 655	387 703	444 767

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page53) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;
   - Changes in net assets; and
   - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table15 MBRRTable A7 - Budgeted Cash Flow Statement

KZN265 Nongoma - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		2 875	3 525	6 080	11 946	24 157	24 157	24 157	17 483	22 342	26 288
Government - operating	1	52 575	55 641	75 393	95 847	85 534	85 534	85 534	100 870	127 122	127 876
Government - capital	1	36 240	63 384	71 787	45 868	53 343	53 343	53 343	45 679	41 160	42 422
Interest		307	1 619	535	456	482	482	482	509	536	565
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(65 718)	(67 809)	(81 640)	(91 471)	(97 883)	(97 883)	(97 883)	(101 617)	(106 314)	(114 705)
Finance charges		(276)	(488)	(381)	(2 220)	(78)	(78)	(78)	(462)	(1 081)	(2 058)
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		26 004	55 872	71 774	60 426	65 555	65 555	65 555	62 462	83 766	80 389
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		68	–	–		–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–		–		–	–	–	–	–	–
Decrease (increase) other non-current receivables		19	–	–		–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–		–	–	–	–	–	–
Payments											
Capital assets		(34 282)	(62 921)	(64 744)	(97 369)	(55 650)	(55 650)	(55 650)	(57 221)	(62 660)	(63 922)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(34 195)	(62 921)	(64 744)	(97 369)	(55 650)	(55 650)	(55 650)	(57 221)	(62 660)	(63 922)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–		–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	1 166	(777)	52 198	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		(445)	(162)	(220)	(4 364)	(260)	(260)	(260)	(1 102)	(1 261)	(3 988)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(445)	1 004	(997)	47 833	(260)	(260)	(260)	(1 102)	(1 261)	(3 988)
NET INCREASE/ (DECREASE) IN CASH HELD		(8 636)	(6 046)	6 034	10 891	9 644	9 644	9 644	4 138	19 844	12 479
Cash/cash equivalents at the year begin:	2	9 433	797	(5 249)	(4 096)	785	785	785	10 430	14 568	34 413
Cash/cash equivalents at the year end:	2	797	(5 249)	785	6 795	10 430	10 430	10 430	14 568	34 413	46 892

The above table shows that cash and cash equivalents of the Municipality reflect a steady positive growth from 2014/15 to 2016/17. For the 2014/15 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to amount R14.5 million by 2014/15 and rapidly increasing to R46.8 by 2016/17.

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

The Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 58 and 59 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN265 Nongoma - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	797	(5 249)	785	6 795	10 430	10 430	10 430	14 568	34 413	46 892
Other current investments > 90 days		0	0	0	(829)	0	0	0	(0)	–	0
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		797	(5 248)	785	5 966	10 430	10 430	10 430	14 568	34 413	46 892
Application of cash and investments											
Unspent conditional transfers		3 244	20	1 080	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	13 120	21 387	16 826	8 487	10 069	10 069	10 069	5 734	(3 635)	(15 749)
Other provisions		–	–	–	–	–	–	–		–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		16 363	21 407	17 906	8 487	10 069	10 069	10 069	5 734	(3 635)	(15 749)
Surplus(shortfall)		(15 566)	(26 656)	(17 120)	(2 521)	361	361	361	8 834	38 047	62 641

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 58 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

4. Compliance with section 18 of the MFMA is assumed because a surplus would indicate that the annual budget is appropriately funded.

5. The budget for the MTREF 2014/15 to 2016/17 with a positive surplus of R8.8, R38.0 and R62.6 is appropriately funded.

Table 17 MBRR Table A9 - Asset Management

KZN265 Nongoma - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE										
Total New Assets	1	34 811	62 780	64 744	95 675	72 806	72 806	57 221	62 660	63 922
Infrastructure - Road transport		19 077	30 109	42 918	62 093	71 150	71 150	45 679	31 160	32 422
Infrastructure - Electricity		–	–	12 500	20 000	–	–	6 000	10 000	10 000
Infrastructure - Other		5 437	16 461	–	500	830	830	–	–	–
Infrastructure		*24 514*	*46 569*	*55 418*	*82 593*	*71 980*	*71 980*	*51 679*	*41 160*	*42 422*
Community		7 535	13 582	–	–	–	–	–	–	–
Other assets	6	1 918	2 628	9 326	13 082	826	826	5 542	21 500	21 500
Intangibles		845	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		19 077	30 109	42 918	62 093	71 150	71 150	45 679	31 160	32 422
Infrastructure - Electricity		–	–	12 500	20 000	–	–	6 000	10 000	10 000
Infrastructure - Other		5 437	16 461	–	500	830	830	–	–	–
Infrastructure		*24 514*	*46 569*	*55 418*	*82 593*	*71 980*	*71 980*	*51 679*	*41 160*	*42 422*
Community		7 535	13 582	–	–	–	–	–	–	–
Other assets		1 918	2 628	9 326	13 082	826	826	5 542	21 500	21 500
Intangibles		845	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - As	2	34 811	62 780	64 744	95 675	72 806	72 806	57 221	62 660	63 922
ASSET REGISTER SUMMARY - PPE (	5									
Infrastructure - Road transport		27 514	24 787	43 167	175 080	77 832	77 832	103 301	133 560	164 492
Infrastructure - Other		–	–	–	–	830	830	830	830	830
Infrastructure		*27 514*	*24 787*	*43 167*	*175 080*	*78 662*	*78 662*	*104 131*	*134 390*	*165 322*
Community			13 582	12 500	22 375	38 500	38 500	48 367	48 367	48 367
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		58 009	104 298	151 482	126 527	152 999	152 999	164 541	186 041	207 541
Intangibles		536	605	398	242	222	222	124	26	(72)
TOTAL ASSET REGISTER SUMMARY	5	86 058	143 272	207 547	324 224	270 383	270 383	317 164	368 824	421 159
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		4 375	10 524	9 952	3 478	9 970	9 970	10 518	11 077	11 665
Repairs and Maintenance by Asset	3	1 980	2 842	2 548	8 404	4 987	4 987	6 166	6 499	6 850
Infrastructure - Road transport		805	1 901	1 019	2 744	1 995	1 995	2 085	2 197	2 316
Infrastructure		*805*	*1 901*	*1 019*	*2 744*	*1 995*	*1 995*	*2 085*	*2 197*	*2 316*
Other assets	6, 7	1 175	941	1 529	5 659	2 992	2 992	4 082	4 302	4 534
TOTAL EXPENDITURE OTHER ITEMS		6 355	13 366	12 500	11 882	14 956	14 956	16 684	17 576	18 515
Renewal of Existing Assets as % of total c		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Renewal of Existing Assets as % of depre		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
R&M as a % of PPE		*2.3%*	*2.0%*	*1.2%*	*2.6%*	*1.8%*	*1.8%*	*1.9%*	*1.8%*	*1.6%*
Renewal and R&M as a % of PPE		*2.0%*	*2.0%*	*1.0%*	*3.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets as well as spending on repairs and maintenance by asset class.

2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality does not have major assets that need to be renewed. The MIG and NDPG capital projects that are being undertaken at this stage are fairly new and will probably not be renewed during the current MTREF. It is for the same reason that the budget for repairs and maintenance is not 8% of the net asset value of the municipality's property, plant and equipment.

Table 18 MBRR Table A10 - Basic Service Delivery Measurement

KZN265 Nongoma - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
Water:										
Piped water inside dwelling		1 012	1 012	1 012	1 100	1 100	1 100	1 100	1 100	1 100
Piped water inside yard (but not in dwelling)		2 257	2 257	2 257	2 456	2 456	2 456	2 456	2 456	2 456
Using public tap (at least min.service level)	2	4 864	4 864	4 864	5 280	5 280	5 280	5 280	5 280	5 280
Other water supply (at least min.service level)	4	30 777	30 777	30 777	33 315	33 315	33 315	33 315	33 315	33 315
Minimum Service Level and Above sub-total		38 910	38 910	38 910	42 151	42 151	42 151	42 151	42 151	42 151
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	38 910	38 910	38 910	42 151	42 151	42 151	42 151	42 151	42 151
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		467	467	467	542	542	542	542	542	542
Flush toilet (with septic tank)		195	195	195	227	227	227	227	227	227
Chemical toilet		9 922	9 922	9 922	11 056	11 056	11 056	11 056	11 056	11 056
Pit toilet (ventilated)		8 599	8 599	8 599	9 582	9 582	9 582	9 582	9 582	9 582
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		19 183	19 183	19 183	21 407	21 407	21 407	21 407	21 407	21 407
Bucket toilet		133	133	133	135	135	135	135	135	135
No toilet provisions		19 728	19 728	19 728	21 353	21 353	21 353	21 353	21 353	21 353
Below Minimum Service Level sub-total		19 861	19 861	19 861	21 488	21 488	21 488	21 488	21 488	21 488
Total number of households	5	39 044	39 044	39 044	42 895	42 895	42 895	42 895	42 895	42 895
Energy:										
Electricity (at least min.service level)		8 452	8 452	8 452	9 148	9 148	9 148	9 148	9 148	9 148
Electricity - prepaid (min.service level)		8 591	8 591	8 591	9 298	9 298	9 298	9 298	9 298	9 298
Minimum Service Level and Above sub-total		17 043	17 043	17 043	18 446	18 446	18 446	18 446	18 446	18 446
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	17 043	17 043	17 043	18 446	18 446	18 446	18 446	18 446	18 446
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		310	310	310	340	340	340	340	340	340
Using own refuse dump		34 825	34 825	34 825	36 956	36 956	36 956	36 956	36 956	36 956
Other rubbish disposal		3 113	3 113	3 113	3 303	3 303	3 303	3 303	3 303	3 303
No rubbish disposal		351	351	351	372	372	372	372	372	372
Below Minimum Service Level sub-total		38 599	38 599	38 599	40 971	40 971	40 971	40 971	40 971	40 971
Total number of households	5	38 599	38 599	38 599	40 971	40 971	40 971	40 971	40 971	40 971
Households receiving Free Basic Service	7									
Electricity/other energy (50kwh per household per month)		102	197	197	500	500	500	500	500	500
Electricity/other energy (50kwh per household per month)		67	31	31	99	116	116	122	129	136
Total cost of FBS provided (minimum social package)		67	31	31	99	116	116	122	129	136
Highest level of free service provided										
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Electricity (kwh per household per month)		–	50	50	50	50	50	50	50	50
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		3	612	612	162	162	162	162	162	162
Property rates (other exemptions, reductions and rebates)		–	–	–	939	939	939	939	939	939
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of free services provided (total social package)		3	612	612	1 101	1 101	1 101	1 101	1 101	1 101

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality has a huge backlog of basic services delivery. The services such as water, and sanitation are the responsibility of the Zululand District Municipality whilst ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma**.**
   - **Electricity**

     ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma and the existing bulk supply is being upgraded to meet the existing and future demands of Nongoma town and the surrounding areas. The municipality area is covered by metered electricity supply whilst those areas in the former Tribal Areas are served with pre-paid electricity supply as well as metered electricity supply in selected areas.

   - **Refuse**

     There are no formal refuse removal services or refuse dumps in the rural areas of Nongoma. There is a landfill site in Nongoma Town which is almost full. However, it should be noted that in the town this function is being investigated with a view to realizing greater efficiencies.

3. It is anticipated that these Free Basic Services will cost the municipality R122 184 in 2014/15, increasing to R135 736 in 2016/17.The reason for the low figures is that the indigent register is incomplete and the picture might change when the community concerned come forward to register for free basic services. The provision of free basic electricity is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled an IDP/Budget Process Plan during August 2013 as required by the MFMA. The Key dates applicable to the process were:

- **23 January 2014** - Council considers the 2013/14 Mid-year Review and Adjustments Budget necessity
- **28 February 2014**–Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **28 February 2014** - Recommendations of the Mayoral Committee are communicated to the Budget and Treasury Office. The draft 2013/14 MTREF is revised accordingly;
- **27 March 2014** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
- **April 2014** – Public consultation;
- **30 April 2014** - Closing date for written comments;
- **1 to 9 May 2014** – finalization of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2014** - Tabling of the 2014/15 MTREF before Council for consideration and approval.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

2.1.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability.The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 70 and 71 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2014/15 MTREF as will be tabled before Council on 27 March 2014 will be made available at municipal offices for community consultation. In addition a further consultation process will include the invitation of the community to the IDP/Budget Road shows that will be held at different places still to be identified within Nongoma municipal area of jurisdiction.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs. Also Ward Committees will play a vital role in facilitating the community consultation process.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the finalisation of the 2014/15 MTREF.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

In January 2010 government adopted twelve outcomes underpinning its long term development strategy as a key focus of work to be done between now and 2014.Each of the 12 outcomes has a delivery agreement that in most cases involve all spheres of government and a range of partners outside government. Combined, these agreements reflect Government's delivery and implementation plans for its foremost priorities.

The Medium Term Strategic Framework (MTSF) of Government identifies a number of priorities that are based on the electoral mandate. The outcomes-based approach further identifies the 12 desired outcomes of Government. These are:

1. Improved quality of basic education.

2. A long and healthy life for all South Africans.

3. All people in South Africa are and feel safe.

4. Decent employment through inclusive economic growth.

5. A skilled and capable workforce to support an inclusive growth path.

6. An efficient, competitive and responsive economic infrastructure network.

7. Vibrant, equitable and sustainable rural communities with food security for all.

8. Sustainable human settlements and improved quality of household life.

9. A responsive, accountable, effective and efficient local government system.

10. Environmental assets and natural resources that are well protected and continually enhanced.

11. Creating a better South Africa and contributing to a better and safer Africa in a better world.

12. An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

2013/14 MTREF	
1.	Provision of quality basic services and infrastructure
2.	Economic growth and development that leads to sustainable job creation
3.1	Fight poverty and build clean, healthy, safe and sustainable communities
3.2	Integrated Social Services for empowered and sustainable communities
4.	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5.1	Promote sound governance
5.2	Ensure financial sustainability
5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
    - Provide electricity (through Eskom)
    - Provide water (through District Municipality)
    - Provide sanitation (through District Municipality)
    - Provide solid waste removal
    - Provide housing (through Department of Human Settlements)
    - Provide roads and storm water
    - Provide municipality planning services; and
    - Maintaining the infrastructure of the municipality.

2. Economic growth and development that leads to sustainable job creation by:
    - Ensuring there is a clear structural plan for the municipality;
    - Ensuring planning processes function in accordance with set timeframes;
    - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
- Extending waste removal services and ensuring effective municipality cleansing;
- Working with strategic partners such as SAPS to address crime;
- Ensuring save working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning.

3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
    - Optimising effective community participation in the ward committee system; and
    - Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance and communication through:
    - Publishing the outcomes of all tender processes and other information on the municipal website.

5.2 Ensure financial sustainability through:
    - Reviewing the use of contracted services
    - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
    - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

The draft 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		4 706	5 758	12 872	9 350	25 576	25 576	25 576	27 008	28 467	30 004
less Revenue Foregone		1 950		5 227	939	3 494	3 494	3 494	3 689	3 889	4 099
Net Property Rates		2 755	5 758	7 646	8 411	22 082	22 082	22 082	23 319	24 578	25 905
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
less Revenue Foregone											
Net Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	6										
Total Service charges - water revenue											
less Revenue Foregone											
Net Service charges - water revenue		–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
less Revenue Foregone											
Net Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	6										
Total refuse removal revenue		1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 593	1 679	1 770
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 593	1 679	1 770
Other Revenue by source											
Gain on valuation of post retirement medical benefit		272									
Fair value gain on fixed assets		629	172								
Rates Clearance Certificates		279	313	182	1	1	1	1	1	1	1
Tender documents				79	49	77	77	77	81	86	90
Photocopies				1	5	5	5	5	5	5	6
Building plans				11	20	20	20	20	21	22	23
Erf sub-division				6	7	7	7	7	7	7	8
Map fees				1	2	2	2	2	2	2	3
empty containers					1	–	–	–			
sundry income				43	317	802	802	802	507	535	564
school patrol				214							
community and social service	3			22							
Total 'Other' Revenue	1	1 180	485	559	401	914	914	914	625	659	694

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	15 198	18 411	26 030	24 692	30 344	30 344	30 344	31 050	33 037	35 152
Pension and UIF Contributions		3 519	214	247	5 811	6 860	6 860	6 860	7 095	7 549	8 032
Medical Aid Contributions		437	652	928	869	1 420	1 420	1 420	1 400	1 489	1 584
Overtime		1 252	1 619	3 086	3 040	2 027	2 027	2 027	2 165	2 304	2 451
Performance Bonus		848	1 034	1 387	1 694	1 959	1 959	1 959	2 002	2 130	2 266
Motor Vehicle Allowance		551	2 434	3 502	855	1 757	1 757	1 757	1 505	1 601	1 704
Cellphone Allowance						–	–	–			
Housing Allowances		19			30	47	47	47	32	34	36
Other benefits and allowances		1 134	318	382	2 765	1 940	1 940	1 940	1 575	1 676	1 783
Payments in lieu of leave			1 341	1 590							
Long service awards			3 865								
Post-retirement benefit obligations	4			5 363							
sub-total	5	**22 956**	**29 888**	**42 515**	**39 757**	**46 354**	**46 354**	**46 354**	**46 823**	**49 820**	**53 008**
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	**22 956**	**29 888**	**42 515**	**39 757**	**46 354**	**46 354**	**46 354**	**46 823**	**49 820**	**53 008**
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		4 042	10 524	9 776	3 380	9 794	9 794	9 794	10 343	10 901	11 490
Lease amortisation		333		175	98	175	175	175	175	175	175
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	**4 375**	**10 524**	**9 952**	**3 478**	**9 970**	**9 970**	**9 970**	**10 518**	**11 077**	**11 665**
Bulk purchases											
Electricity Bulk Purchases											
Water Bulk Purchases											
Total bulk purchases	1	–	–	–	–	–	–	–	–	–	–
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		–	31	67	99	116	116	116	122	129	136
Total transfers and grants	1	–	**31**	**67**	**99**	**116**	**116**	**116**	**122**	**129**	**136**
Contracted services											
Security Services		1 914	2 250	2 366	2 229	2 229	2 229	2 229	2 354	2 481	2 615
Dump Site Maintenance		1 155	1 432		2 585	2 585	2 585	2 585	2 730	2 877	3 033
Pest control					332	143	143	143	151	159	168
IT services					122	122	122	122	129	136	143
Rentals					1 477	1 475	1 475	1 475	1 558	1 642	1 731
Cotractrors for maintenance				2 735	8 404	4 987	4 987	4 987			
sub-total	1	**3 069**	**3 682**	**5 101**	**15 149**	**11 541**	**11 541**	**11 541**	**6 922**	**7 295**	**7 689**

Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		3 069	3 682	5 101	15 149	11 541	11 541	11 541	6 922	7 295	7 689
Other Expenditure By Type											
Collection costs			2 046	1 213	517	517	517	517	123340.8	130	138
Contributions to 'other' provisions		1 147				–	–	–			
Consultant fees		7 340	7 759		3 936	3 936	3 936	3 936			
Audit fees		1 353	1 006		1 082	1 538	1 538	1 538	1623739.39	1 711	1 804
General expenses	3	9 452	19 751	27 042	1 009	24 084	24 084	24 084	16847599.25	18 408	19 351
Internal Audit fees		529			250				500	527	555
Other materials					250						
HIV and Aids		1 814			1 000				1 000	1 054	1 111
Protective Clothing		119			408				507	535	564
Neighbourhood Development					207						
LED Projects		1 600			1 260				2 400	2 530	2 666
Accomodation costs					839				1 562	1 647	1 736
Catering and refreshments		314			282				543	572	603
Subsistence & Transport		601			1 743				2 125	2 240	2 362
Insurance		476			556				628	663	700
IDP Planning		400			836				1 100	1 159	1 222
Fuel		316			653				1 102	1 162	1 224
Disaster					440				700	738	778
Training		90			1 128				765	806	850
Printing & Stationery		401			248				806	849	895
Legal fees		508			493				357	376	396
Youth development					792				750	791	833
Ward committees					574				290	305	322
Disabled persons		190			558				528	557	587
Electricity & water		338			359				274	289	305
Software and Licences		23			464				602	636	671
Telephone		303			383				659	694	732
Total 'Other' Expenditure	1	27 314	30 563	28 255	20 266	30 074	30 074	30 074	35 790	38 379	40 405

Table 20 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services		1 980	2 842	2 548	8 404	4 987	4 987	4 987	6 166	6 499	6 850
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	1 980	2 842	2 548	8 404	4 987	4 987	4 987	6 166	6 499	6 850

Table 21 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN265 Nongoma - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description R thousand	Ref 1	Vote 1 - Governance and Administrati on	Vote 2 - Financial Services	Vote 3 - Corporate Services	Vote 4 - Sport, Recreation and Community	Vote 5 - Economic and Environmental Services	Vote 6 - Transport and Roads	Vote 7 - Safety and Security	Vote 8 - Solid Waste Management	Vote 9 - Tourism and Sports	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
Revenue By Source																	
Property rates		-	23 319	-	-	-	-	-	-	-	-	-	-	-	-	-	23 319
Property rates - penalties & collection charges		-	4 956	-	-	-	-	-	-	-	-	-	-	-	-	-	4 956
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	1 593	-	-	-	-	-	-	-	1 593
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	68	108	-	-	-	-	-	-	-	-	-	-	176
Interest earned - external investments		-	509	-	-	-	-	-	-	-	-	-	-	-	-	-	509
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	15	-	-	56	-	-	-	-	-	-	-	-	71
Licences and permits		-	-	-	-	-	1 010	-	-	-	-	-	-	-	-	-	1 010
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	59	43	7	111	-	404	-	-	-	-	-	-	-	-	625
Transfers recognised - operational		-	98 968	-	811	1 041	-	-	-	50	-	-	-	-	-	-	100 870
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and con		-	127 811	43	901	1 260	1 010	460	1 593	50	-	-	-	-	-	-	133 128
Expenditure By Type																	
Employee related costs		2 549	7 021	6 403	6 499	6 498	4 280	5 204	8 009	361	-	-	-	-	-	-	46 823
Remuneration of councillors		11 052	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11 052
Debt impairment		-	1 265	-	-	-	-	-	-	-	-	-	-	-	-	-	1 265
Depreciation & asset impairment		-	10 518	-	-	-	-	-	-	-	-	-	-	-	-	-	10 518
Finance charges		-	462	-	-	-	-	-	-	-	-	-	-	-	-	-	462
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		-	421	3 771	-	-	-	-	2 730	-	-	-	-	-	-	-	6 922
Transfers and grants		122	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122
Other expenditure		4 741	7 128	7 208	5 494	6 497	2 093	1 123	695	812	-	-	-	-	-	-	35 790
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		18 464	26 814	17 382	11 992	12 995	6 373	6 327	11 434	1 173	-	-	-	-	-	-	112 955
Surplus/(Deficit)		(18 464)	100 997	(17 339)	(11 091)	(11 735)	(5 363)	(5 867)	(9 841)	(1 123)	-	-	-	-	-	-	20 173
Transfers recognised - capital		-	-	-	-	45 679	-	-	-	-	-	-	-	-	-	-	45 679
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(18 464)	100 997	(17 339)	(11 091)	33 944	(5 363)	(5 867)	(9 841)	(1 123)	-	-	-	-	-	-	65 852

Table 22 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Call investment deposits											
Call deposits < 90 days		584	888	651	2 148	1 133	1 133	1 133	1 642	2 178	2 743
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	584	888	651	2 148	1 133	1 133	1 133	1 642	2 178	2 743
Consumer debtors											
Consumer debtors		10 494	14 136	16 647	11 488	22 549	22 549	22 549	36 814	47 936	56 918
Less: Provision for debt impairment		(3 893)	(5 401)	(6 289)	(6 849)	(7 486)	(7 486)	(7 486)	(8 751)	(10 084)	(11 489)
Total Consumer debtors	2	6 601	8 734	10 359	4 640	15 063	15 063	15 063	28 064	37 852	45 430
Debt impairment provision											
Balance at the beginning of the year		3 325	4 093	5 601	5 874	6 289	6 289	6 289	7 486	8 751	10 084
Contributions to the provision		569	1 508	887	974	1 198	1 198	1 198	1 265	1 333	1 405
Bad debts written off		–	–	–	–	–	–	–	–	–	–
Balance at end of year		3 893	5 601	6 489	6 849	7 486	7 486	7 486	8 751	10 084	11 489
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		96 546	160 084	234 876	344 619	270 161	270 161	270 161	364 903	427 563	491 485
Leases recognised as PPE	3		40								
Less: Accumulated depreciation		11 024	17 457	27 727	20 637				47 864	58 765	70 255
Total Property, plant and equipment (PPE)	2	85 522	142 666	207 149	323 982	270 161	270 161	270 161	317 039	368 798	421 230
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		303	252	272	2 272	282	282	282	1 102	1 261	3 988
Total Current liabilities - Borrowing		303	252	272	2 272	282	282	282	1 102	1 261	3 988
Trade and other payables											
Trade and other creditors		16 907	25 050	23 178	14 048	23 806	23 806	23 806	23 167	24 081	22 801
Unspent conditional transfers		3 244	20	1 080	–	–	–	–	–	–	–
VAT		–	–	–	–	–	–	–	–	–	–
Total Trade and other payables	2	20 150	25 070	24 258	14 048	23 806	23 806	23 806	23 167	24 081	22 801
Non current liabilities - Borrowing											
Borrowing	4		1 197	674	35 188	404	404	404	7 997	27 235	43 748
Finance leases (including PPP asset element)			134								
Total Non current liabilities - Borrowing		–	1 330	674	35 188	404	404	404	7 997	27 235	43 748
Provisions - non-current											
Retirement benefits		–	–	–	–	–	–	–	–	–	–
List other major provision items											
Refuse landfill site rehabilitation		1 753	4 877	2 512	1 753	1 457	1 457	1 457	1 457	1 457	1 457
Other(Long service awards)		2 500	20	1 958	2 500	1 958	1 958	1 958	1 958	1 958	1 958
Total Provisions - non-current		4 253	4 896	4 469	4 253	3 414	3 414	3 414	3 414	3 414	3 414
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		45 140	45 139	127 364	209 574	209 574	209 574	209 574	260 803	306 138	367 186
GRAP adjustments		–	27 831	(22)	–	(290)	(290)	(290)	–	–	–
Restated balance		45 140	72 971	127 342	209 574	209 284	209 284	209 284	260 803	306 138	367 186
Surplus/(Deficit)		24 243	43 776	63 706	70 127	59 661	59 661	59 661	65 852	81 564	77 582
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	69 383	116 747	191 048	279 701	268 945	268 945	268 945	326 655	387 703	444 767
Reserves											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–		–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	69 383	116 747	191 048	279 701	268 945	268 945	268 945	326 655	387 703	444 767

Table 23MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Provide sound democratic and accountable governance that promotes effective communication; financial viability and optimal institutional transformation.	Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the organisational structure to optimise the use of personnel.			57 240	63 082	47 872	94 094	50 825	50 825	53 642	60 685	61 840
Provide quality basic services and infrastructure.	Provision of waste removal; roads and storm water; town planning services and maintaining the assets and infrastructure of the town.			37 252	66 065	63 829	66 430	67 767	67 767	71 523	80 913	82 454
Foster participatory democracy and Batho Pele through caring, accessible and accountable service.	Optimising effective community participation in the ward committee system; and the implementation of Batho pele in the revenue management strategy.			312		15 957	653	16 942	16 942	17 881	20 228	20 613
Fight proverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for communities.	Effective implementation of indingent policy, working with Health Organisations to implement HIV/AIDS Awareness Campaigns; extending waste removal services; and ensuring the landfill site meets the environmental requirements; ensuring the protection services and the disaster management services are operating effectively.			770	–	7 979	45	8 471	8 471	8 940	10 114	10 307
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.			41	168	23 936	180	25 413	25 413	26 821	30 342	30 920
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	95 614	129 315	159 573	161 402	169 417	169 417	178 807	202 282	206 134

Table 24MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Provide sound democratic and accountable governance that promotes effective	Providing oversight over the administration of the municipality; reviewing			51 499	33 802	28 760	18 276	32 927	32 927	33 863	36 192	38 543
Provide quality basic services and infrastructure.	Provision of waste removal; roads and storm water; town planning services and			15 674	31 043	38 347	46 101	43 903	43 903	45 151	48 256	51 390
Foster participatory democracy and Batho Pele through caring, accessible and	Optimising effective community participation in the ward committee system; and			1 197		9 587	1 215	10 976	10 976	11 288	12 064	12 848
Fight proverty and build clean, healthy, safe sustainable communities as well as	Effective implementation of indingent policy, working with Health Organisations to the environmental requirements; and ensuring the protection services and			3 001	6 292	4 793	5 158	5 488	5 488	5 644	6 032	6 424
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the				14 401	14 380	20 526	16 464	16 464	17 009	18 173	19 349
Allocations to other priorities												
Total Expenditure			1	71 371	85 539	95 868	91 275	109 757	109 757	112 955	120 718	128 552

Table 25MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Provide sound democratic and accountable governance that promotes effective	Providing oversight over the administration of the municipality; reviewing	A		1 247	33 996	19 423	840	21 842	21 842	17 166	18 798	19 177
		B										
Provide quality basic services and infrastructure.	Provision of waste removal; roads and storm water; town planning services and	C		32 716	26 262	25 898	70 077	29 122	29 122	22 888	25 064	25 569
		D										
Foster participatory democracy and Batho Pele through caring, accessible and	Optimising effective community participation in the ward committee system; and	E		17	–	6 474	60	7 281	7 281	5 722	6 266	6 392
		F										
Fight proverty and build clean, healthy, safe sustainable communities as well as	Effective implementation of indingent policy, working with Health Organisations to	G		832	32	3 237	3 323	3 640	3 640	2 861	3 133	3 196
		H										
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the	I			2 490	9 712	21 375	10 921	10 921	8 583	9 399	9 588
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	34 811	62 780	64 744	95 675	72 806	72 806	57 221	62 660	63 922

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has for the first time developed and implemented a performance management system.The Municipalitytargets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The planning, budgeting and reporting cycle can be graphically illustrated as follows:

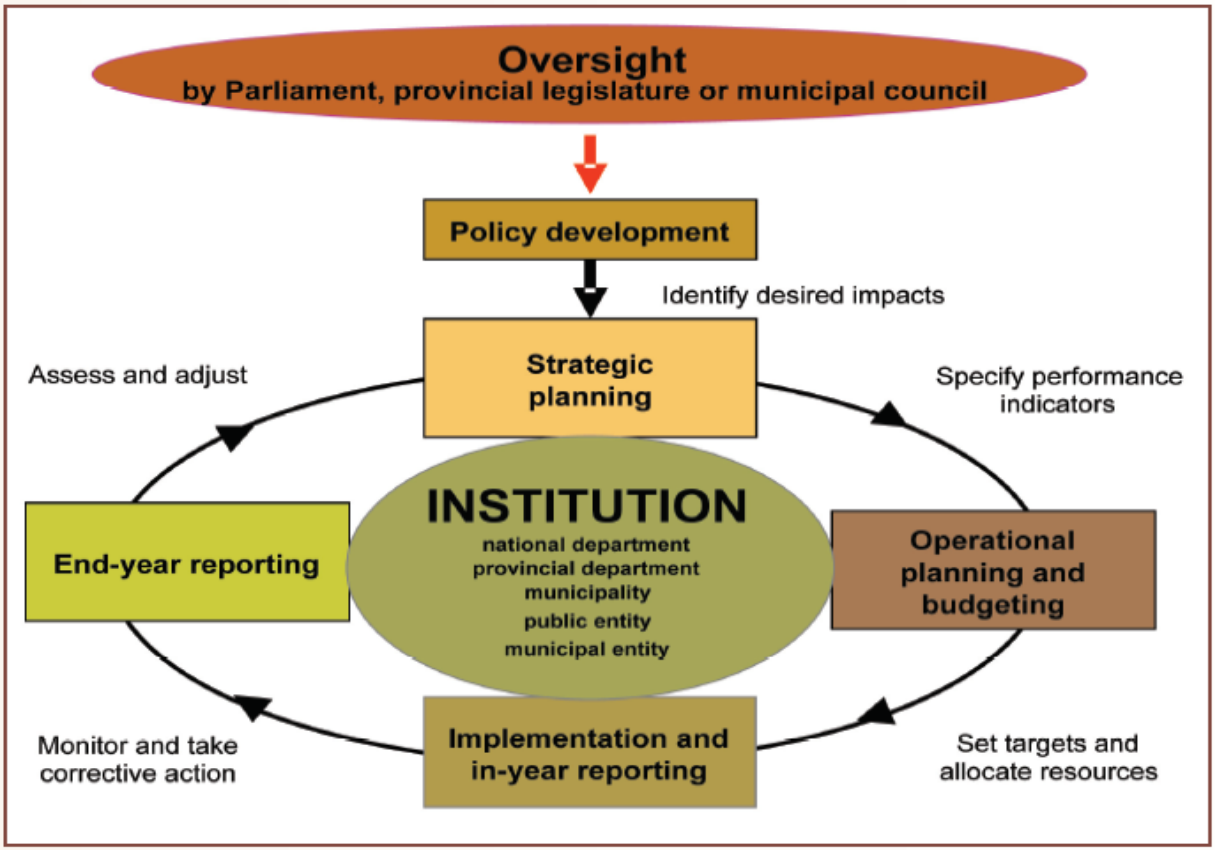

Figure 1Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

Table 26MBRR Table SA7 - Measurable performance objectives

KZN265 Nongoma - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote - Environmental Management										
Function: Waste Management										
Sub-function - Solid Waste		80.0%	85.0%							
Access to refuse removal	Number of households			85.0%	95.0%	95.0%	95.0%	96.0%	96.0%	100.0%
Vote - Environmental Management										
Function: Waste Management									%	
Sub-function - Solid Waste		50.0%	50.0%							
Extension/New landfill site	Number of landfill sites			50.0%	60.0%	60.0%	60.0%	100.0%	100.0%	100.0%
Vote - Transport and Roads										
Function - Roads and Storm Water										
Sub -function - Roads		10.0%	40.0%							
Road resurfacing/upgrading	Rehabilitation of R66			40.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote - Transport and Roads										
Function - Roads and Storm Water										
Sub -function - Roads		50.0%	60.0%							
Provision of new access roads	Number of access roads			60.0%	80.0%	80.0%	80.0%	90.0%	90.0%	90.0%
Vote - Transport and Roads										
Function - Roads and Storm Water										
Sub -function - Roads		15.0%	50.0%							
Provision of new tax rank	Number of taxi ranks			50.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote - Transport and Roads										
Function - Roads and Storm Water										
Sub -function - Roads		0.0%	0.0%							
Provision of new bypass road	Kms			0.0%	0.0%	0.0%	0.0%	0.0%	40.0%	100.0%
Vote - Transport and Roads										
Function - Roads and Storm Water										
Sub -function - Vehicle Test Centre		10.0%	20.0%							
Provision of new vehicle test centre	Number			20.0%	90.0%	90.0%	90.0%	100.0%	100.0%	100.0%
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community Projects		50.0%	55.0%							
Provision of new creches	Number			55.0%	60.0%	60.0%	60.0%	90.0%	100.0%	100.0%
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community Projects		50.0%	55.0%							
Provision of community halls	Number			55.0%	60.0%	60.0%	60.0%	90.0%	100.0%	100.0%
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community Projects		50.0%	55.0%							
Provision of sportsfields	Number			55.0%	60.0%	60.0%	60.0%	90.0%	100.0%	100.0%
Vote - Planning and Development										
Function - Technical Services										
Sub -function - Community Projects		50.0%	55.0%							
Provision of roads	Number			55.0%	60.0%	60.0%	60.0%	90.0%	100.0%	100.0%
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table 27MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.0%	0.8%	0.6%	6.0%	0.3%	0.3%	0.3%	1.4%	1.9%	4.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	10.6%	6.3%	4.8%	37.7%	1.1%	1.1%	1.1%	4.8%	6.9%	16.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	41.7%	-8.3%	152.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.4	0.4	0.5	0.7	1.1	1.1	1.1	1.8	2.9	3.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.4	0.4	0.5	0.7	1.1	1.1	1.1	1.8	2.9	3.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.0	0.0	0.3	0.4	0.4	0.4	0.6	1.3	1.7
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		44.7%	35.7%	51.3%	84.8%	80.4%	80.4%	80.4%	55.1%	66.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		44.4%	35.7%	51.3%	84.8%	80.4%	80.4%	80.4%	55.1%	66.8%	74.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.4%	15.6%	14.1%	6.6%	14.7%	14.7%	14.7%	23.8%	25.8%	31.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		2121.2%	-477.3%	2952.2%	206.7%	228.3%	228.3%	228.3%	159.0%	70.0%	48.6%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	38.7%	45.3%	48.4%	39.8%	39.9%	39.9%	39.9%	35.2%	30.9%	32.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	51.1%	58.8%	53.1%	50.2%	48.9%	48.9%		43.5%	38.1%	39.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.3%	4.3%	2.9%	8.4%	4.3%	4.3%		4.6%	4.0%	4.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.8%	16.7%	11.8%	4.6%	8.7%	8.7%	8.7%	8.2%	7.5%	8.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	3.8	13.6	2.6	19.6	19.6	19.6	19.0	17.9	7.5	7.9
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	188.5%	119.7%	117.1%	56.5%	60.1%	60.1%	60.1%	105.4%	131.1%	155.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.2	(1.1)	0.1	1.1	1.5	1.5	1.5	2.2	4.8	6.4

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and the following related policies:

- Credit control and debt collection procedures/policies;
- Asset Management, Infrastructure Investment and Funding Policy;
- Tariff Policies;
- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy

2.5 Overview of budget assumptions

2.5.1 External factors

The economic slowdown has resulted in the financial resources being limited due to reduced payment levels by consumers. As a result the cash inflows have declined which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are four key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 41% of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions indicated that it is the last year for agreement and the negotiations will commence for the new agreement.

National treasury recommended that we factor in 6.8% for 2014/15 and 6.4% two outer years

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. In the 2014/15 MTREF it has been assumed that all borrowings are undertaken using fixed prime interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.4 Collection rate for revenue services

The base assumption is that tariff will increase at a rate of inflation provided by National Treasury in Circular 72. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (40 per cent) of annual billings. Cash flow is assumed to be 40 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however be considered a source of additional cash in-flow once the performance has been carefully monitored. The 40 per cent collection rate relates to the recoveries from the business community and the government. The collections from the residents are negligible due to the high rate of unemployment.

2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate and real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing ‘households’ is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the ‘poor household’ limits consumption to the level of free basic services.

2.5.6 Salary increases

The wage bill over the MTREF has been increased at a rate of 6.8 per cent and 6.4 per cent in the two outer years of the MTREF as guided by MFMA circular 72.

2.5.7 Remuneration of Councillors

It is has been assumed that the number of Councillors will remain 42 in 2014/15. And that only the Speaker, Mayor and Deputy Mayor will be remunerated at upper limits applicable to full-time councillors.

The remuneration of Councillors has been budgeted for based at the upper limits equivalent to 95% of remuneration packages for a Grade 3 municipality gazetted by the Minister of Cooperative Governance and Traditional Affairs (Cogta) in March 2013

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100% on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

2.5.10 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

Table 28 Sources of capital revenue over the MTREF

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funded by:											
National Government		32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Provincial Government		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Borrowing	6	–	–		30 672	–	–	–	7 950	20 500	20 500
Internally generated funds		2 763	2 797	9 326	3 560	19 463	19 463	19 463	3 592	1 000	1 000
Total Capital Funding	7	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 221	62 660	63 922

Capital grants and receipts equates to 79.8% of the total funding source which represents R45.6 million for the 2014/15 financial year. Borrowings equates to 13.8% whilst own funds equate to only 6.3% in 2014/15 financial period.

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 29 MBRR SA10 – Funding compliance measurement

KZN265 Nongoma Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	797	(5 249)	785	6 795	10 430	10 430	10 430	14 568	34 413	46 892
Cash + investments at the yr end less applications - R'000	18(1)b	2	(15 566)	(26 656)	(17 120)	(2 521)	361	361	361	8 834	38 047	62 641
Cash year end/monthly employee/supplier payments	18(1)b	3	0.2	(1.1)	0.1	1.1	1.5	1.5	1.5	2.2	4.8	6.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	24 243	43 776	63 706	70 127	59 661	59 661	59 661	65 852	81 564	77 582
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	80.8%	17.6%	3.5%	141.5%	(6.0%)	(6.0%)	(0.4%)	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	44.4%	35.7%	51.3%	84.8%	80.4%	80.4%	80.4%	55.1%	66.8%	74.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	132.5%	17.6%	8.4%	8.4%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Capital payments % of capital expenditure	18(1)c;19	8	98.5%	100.2%	100.0%	101.8%	76.4%	76.4%	76.4%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	41.7%	(8.3%)	152.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	20.5%	20.6%	(47.0%)	160.5%	0.0%	0.0%	85.2%	31.1%	24.6%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.3%	2.0%	1.2%	2.6%	1.8%	1.8%	2.3%	1.9%	1.8%	1.6%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 30 MBRR SA15 – Investment particulars by type

Investment type R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Parent municipality										
Securities - National Government		–	–	–	–	–	–	–	–	–
Listed Corporate Bonds		–	–	–	–	–	–	–	–	–
Deposits - Bank		584	888	651	2 148	1 133	1 133	1 642	2 178	2 743
Deposits - Public Investment Commissioners		–	–	–	–	–	–	–	–	–
Deposits - Corporation for Public Deposits		–	–	–	–	–	–	–	–	–
Bankers Acceptance Certificates		–	–	–	–	–	–	–	–	–
Negotiable Certificates of Deposit - Banks		–	–	–	–	–	–	–	–	–
Guaranteed Endowment Policies (sinking)		–	–	–	–	–	–	–	–	–
Repurchase Agreements - Banks		–	–	–	–	–	–	–	–	–
Municipal Bonds		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	584	888	651	2 148	1 133	1 133	1 642	2 178	2 743
Entities										
Securities - National Government		–	–	–	–	–	–	–	–	–
Listed Corporate Bonds		–	–	–	–	–	–	–	–	–
Deposits - Bank		–	–	–	–	–	–	–	–	–
Deposits - Public Investment Commissioners		–	–	–	–	–	–	–	–	–
Deposits - Corporation for Public Deposits		–	–	–	–	–	–	–	–	–
Bankers Acceptance Certificates		–	–	–	–	–	–	–	–	–
Negotiable Certificates of Deposit - Banks		–	–	–	–	–	–	–	–	–
Guaranteed Endowment Policies (sinking)		–	–	–	–	–	–	–	–	–
Repurchase Agreements - Banks		–	–	–	–	–	–	–	–	–
Entities sub-total		–	–	–	–	–	–	–	–	–
Consolidated total:		584	888	651	2 148	1 133	1 133	1 642	2 178	2 743

2.6 Expenditure on grants and reconciliations of unspent funds

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

Table 31MBRR Table SA 18 - Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		51 659	55 328	75 301	84 700	84 700	84 700	100 009	126 373	126 870
Local Government Equitable Share		49 419	53 088	72 001	81 160	81 160	81 160	96 234	123 456	123 752
Finance Management		1 450	1 450	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement		790	790	800	890	890	890	934	967	1 018
Integrated National Electrification Programme		–	–	–	–	–	–			
EPWP Incentive		–	–	1 000	1 000	1 000	1 000	1 041	–	–
Other transfers/grants [insert description]						–				
Provincial Government:		532	233	245	634	784	784	811	699	956
Provincialisation of Libraries		332	233	245	514	514	514	535	567	597
Municipal Assistance Programme		200	–	–	–	–	–	–	–	–
Community Library Services		–	–	–	120	120	120	126	132	359
Infrastructure		–	–	–	–	–	–	–	–	–
sports fields mantainance		–	–	–	–	150	150	150	–	–
District Municipality:		80	100	50	50	50	50	50	50	50
Tourism		80	100	50	50	50	50	50	50	50
Zululand district Municipality										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	52 271	55 661	75 596	85 384	85 534	85 534	100 870	127 122	127 876
Capital Transfers and Grants										
National Government:		32 351	61 368	71 868	61 443	53 343	53 343	45 679	41 160	42 422
Municipal Infrastructure Grant (MIG)		17 351	20 868	25 314	27 343	27 343	27 343	29 812	31 160	32 422
Neighbourhood Development Partnership		15 000	40 500	20 554	26 100	26 000	26 000	9 867		
Integrated National Electrification Programme		–	–	26 000	8 000	–	–	6 000	10 000	10 000
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	1 000	–	–	–	–	–	–
municipal pound		–	–	1 000	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Tourism		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	32 351	61 368	72 868	61 443	53 343	53 343	45 679	41 160	42 422
TOTAL RECEIPTS OF TRANSFERS & GRANTS		84 622	117 029	148 464	146 827	138 877	138 877	146 549	168 282	170 298

Table 32 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		51 659	55 328	75 296	84 700	84 700	84 700	100 009	126 373	126 870
Local Government Equitable Share		49 419	53 088	72 001	81 160	81 160	81 160	96 234	123 456	123 752
Finance Management		1 450	1 450	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement		790	790	800	890	890	890	934	967	1 018
Integrated National Electrification Programme		–	–	–	–	–	–	–	–	–
EPWP Incentive		–	–	995	1 000	1 000	1 000	1 041	–	–
Other transfers/grants [insert description]										
Provincial Government:		532	233	245	634	784	784	811	699	956
Provincialisation of Libraries		332	233	245	514	514	514	535	567	597
Municipal Assistance Programme		200	–	–	–	–	–	–	–	–
Community Library Services		–	–	–	120	120	120	126	132	359
Infrastructure		–	–	–	–	150	150	–	–	–
sports fields mantainance		–	–	–	–	–	–	150	–	–
District Municipality:		30	80	–	50	50	50	50	50	50
Tourism		30	80	–	50	50	50	50	50	50
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Transfers and Grants		52 221	55 641	75 541	85 384	85 534	85 534	100 870	127 122	127 876
Capital expenditure of Transfers and Grants										
National Government:		32 351	63 384	54 712	61 443	53 343	53 343	45 679	41 160	42 422
Municipal Infrastructure Grant (MIG)		17 351	22 660	17 992	27 343	27 343	27 343	29 812	31 160	32 422
Neighbourhood Development Partnership		15 000	40 724	20 554	26 100	26 000	26 000	9 867		
Integrated National Electrification Programme		–	–	16 166	8 000			6 000	10 000	10 000
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	–	–	–	–	–	–
Municipal Pound				–	–					
District Municipality:		–	–	–	–	–	–	–	–	–
Tourism								–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total capital expenditure of Transfers and Grants		32 351	63 384	54 712	61 443	53 343	53 343	45 679	41 160	42 422
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		84 572	119 025	130 253	146 827	138 877	138 877	146 549	168 282	170 298

Table 33MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		815		–		5	5			
Current year receipts		52 575	55 338	75 301	84 700	84 700	84 700	100 009	126 373	126 870
Conditions met - transferred to revenue		52 162	54 110	75 296	84 700	84 705	84 705	100 009	126 373	126 870
Conditions still to be met - transferred to liabilities		1 228	1 228	5						
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		383	223	245	634	634	634	811	699	956
Conditions met - transferred to revenue		383	223	245	634	634	634	811	699	956
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	20		50	50			
Current year receipts		30	80	50	50	50	50	50	50	50
Conditions met - transferred to revenue		30	80	20	50	100	100	50	50	50
Conditions still to be met - transferred to liabilities		–	–	50	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		52 575	54 413	75 561	85 384	85 439	85 439	100 870	127 122	127 876
Total operating transfers and grants - CTBM	2	1 228	1 228	55	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		5 713	2 016	–		17 156	17 156	–	–	–
Current year receipts		28 351	61 368	71 868	61 443	53 343	53 343	45 679	41 160	42 422
Conditions met - transferred to revenue		32 049	63 384	54 706	61 443	70 499	70 499	45 679	41 160	42 422
Conditions still to be met - transferred to liabilities		2 016		17 162						
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	500	830	830			
Current year receipts		–	–	1 000						
Conditions met - transferred to revenue		–	–	–	500	830	830	–	–	–
Conditions still to be met - transferred to liabilities		–	–	1 000						
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–		–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		32 049	63 384	54 706	61 943	71 329	71 329	45 679	41 160	42 422
Total capital transfers and grants - CTBM	2	2 016	–	18 162	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		84 623	117 797	130 267	147 327	156 768	156 768	146 549	168 282	170 298
TOTAL TRANSFERS AND GRANTS - CTBM		3 244	1 228	18 217	–	–	–	–	–	–

2.7 Councilor and employee benefits

Table 34MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		4 781	5 674	5 855	6 286	6 286	6 286	6 663	6 996	7 346
Pension and UIF Contributions		583	781	827	888	888	888	941	988	1 038
Medical Aid Contributions		167	75	93	100	100	100	106	111	116
Motor Vehicle Allowance		1 463	1 891	2 258	2 424	2 424	2 424	2 570	2 698	2 833
Cellphone Allowance		396	434	531	570	570	570	604	635	666
Housing Allowances						–	–			
Other benefits and allowances				148	159	159	159	168	177	186
Sub Total - Councillors		7 390	8 855	9 712	10 427	10 427	10 427	11 052	11 605	12 185
% increase	4		19.8%	9.7%	7.4%	–	–	6.0%	5.0%	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 639	2 890	3 615	3 880	3 880	3 880	4 144	4 409	4 692
Pension and UIF Contributions		585	496	600	645	645	645	688	732	779
Medical Aid Contributions		33	71		99	99	99	105	112	119
Overtime		–	–			–	–			
Performance Bonus		–	–			–	–			
Motor Vehicle Allowance	3	342	96	453	487	487	487	520	553	589
Cellphone Allowance	3	23	–			–	–			
Housing Allowances	3	7	–	15	16	16	16	17	18	19
Other benefits and allowances	3	206	459	816	876	876	876	936	995	1 059
Payments in lieu of leave						–	–			
Long service awards						–	–			
Post-retirement benefit obligations	6					–	–			
Sub Total - Senior Managers of Municipality		3 835	4 012	5 499	6 002	6 002	6 002	6 411	6 821	7 257
% increase	4		4.6%	37.1%	9.1%	–	–	6.8%	6.4%	6.4%
Other Municipal Staff										
Basic Salaries and Wages		12 559	15 024	19 387	20 812	26 464	26 464	26 906	28 628	30 460
Pension and UIF Contributions		2 790	508	4 812	5 166	6 216	6 216	6 407	6 817	7 253
Medical Aid Contributions		404	581	717	770	1 321	1 321	1 294	1 377	1 465
Overtime		1 252	1 619	2 832	3 040	2 027	2 027	2 165	2 304	2 451
Performance Bonus		848	1 753	1 578	1 694	1 959	1 959	2 002	2 130	2 266
Motor Vehicle Allowance	3	209	25	343	368	1 271	1 271	985	1 048	1 115
Cellphone Allowance	3	–	–			–	–			
Housing Allowances	3	8	–	13	14	31	31	15	16	17
Other benefits and allowances	3	1 051	1 880	1 759	1 888	1 063	1 063	639	680	723
Payments in lieu of leave			1 341			–	–			
Long service awards			3 145			–	–			
Post-retirement benefit obligations	6					–	–			
Sub Total - Other Municipal Staff		19 121	25 876	31 442	33 754	40 351	40 351	40 413	42 999	45 751
% increase	4		35.3%	21.5%	7.4%	19.5%	–	0.2%	6.4%	6.4%
Total Parent Municipality		30 346	38 743	46 653	50 183	56 780	56 780	57 876	61 425	65 193
			27.7%	20.4%	7.6%	13.1%	–	1.9%	6.1%	6.1%

Table 35 MBRR SA24– Summary of personnel numbers

Summary of Personnel Numbers	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		42		42	42		42	42	–	42
Board Members of municipal entities	4							–	–	–
Municipal employees	5							–	–	–
Municipal Manager and Senior Managers	3	7	7		7	7		7	7	–
Other Managers	7	4	4		8	8		8	8	–
Professionals		*184*	*184*	*184*	*184*	*184*	*5*	*190*	*185*	*5*
Finance		15	15	15	15	15	5	23	18	5
Spatial/town planning		4	4	4	4	4		4	4	
Information Technology										
Roads		10	10	10	10	10		10	10	
Electricity										
Water										
Sanitation										
Refuse		64	64	64	64	64		62	62	
Other		91	91	91	91	91		91	91	
Technicians		*6*	*6*	*6*	*6*	*6*	–	*6*	*6*	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other		6	6	6	6	6		6	6	
Clerks (Clerical and administrative)		2	2	2	2	2		2	2	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	245	203	234	249	207	47	255	208	47

Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source																
Property rates		1 943	1 943	1 943	1 943	1 943	1 943	1 943	1 943	1 943	1 943	1 943	1 943	23 319	24 578	25 905
Property rates - penalties & collection charges		413	413	413	413	413	413	413	413	413	413	413	413	4 956	5 224	5 506
Service charges - electricity revenue													–	–	–	–
Service charges - water revenue													–	–	–	–
Service charges - sanitation revenue													–	–	–	–
Service charges - refuse revenue		133	133	133	133	133	133	133	133	133	133	133	133	1 593	1 679	1 770
Service charges - other													–	–	–	–
Rental of facilities and equipment		15	15	15	15	15	15	15	15	15	15	15	15	176	185	195
Interest earned - external investments		42	42	42	42	42	42	42	42	42	42	42	42	509	536	565
Interest earned - outstanding debtors													–	–	–	–
Dividends received													–	–	–	–
Fines		6	6	6	6	6	6	6	6	6	6	6	6	71	75	79
Licences and permits		84	84	84	84	84	84	84	84	84	84	84	84	1 010	1 065	1 122
Agency services													–	–	–	–
Transfers recognised - operational		42 218	1 375	685	126	32 057	–	50	300	24 059	–	–	–	100 870	127 122	127 876
Other revenue		52	52	52	52	52	52	52	52	52	52	52	52	625	659	694
Gains on disposal of PPE													–	–	–	–
Total Revenue (excluding capital transfers and cont		44 906	4 063	3 373	2 814	34 745	2 688	2 738	2 988	26 747	2 688	2 688	2 688	133 128	161 122	163 712
Expenditure By Type																
Employee related costs		3 902	3 902	3 902	3 902	3 902	3 902	3 902	3 902	3 902	3 902	3 902	3 902	46 823	49 820	53 008
Remuneration of councillors		921	921	921	921	921	921	921	921	921	921	921	921	11 052	11 605	12 185
Debt impairment		105	105	105	105	105	105	105	105	105	105	105	105	1 265	1 333	1 405
Depreciation & asset impairment		877	877	877	877	877	877	877	877	877	877	877	877	10 518	11 077	11 665
Finance charges		39	39	39	39	39	39	39	39	39	39	39	39	462	1 081	2 058
Bulk purchases													–	–	–	–
Other materials													–	–	–	–
Contracted services		577	577	577	577	577	577	577	577	577	577	577	576	6 922	7 295	7 689
Transfers and grants		10	10	10	10	10	10	10	10	10	10	10	10	122	129	136
Other expenditure		2 983	2 983	2 983	2 983	2 983	2 983	2 983	2 983	2 983	2 983	2 983	2 983	35 790	38 379	40 405
Loss on disposal of PPE													–	–	–	–
Total Expenditure		9 413	9 413	9 413	9 413	9 413	9 413	9 413	9 413	9 413	9 413	9 413	9 414	112 955	120 718	128 552
Surplus/(Deficit)		35 494	(5 350)	(6 040)	(6 599)	25 333	(6 725)	(6 675)	(6 425)	17 334	(6 725)	(6 725)	(6 726)	20 173	40 404	35 160
Transfers recognised - capital		17 465	–	5 667	10 434	2 171	2 800	–	1 776	5 366	–	–	–	45 679	41 160	42 422
Contributions recognised - capital													–	–	–	–
Contributed assets													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		52 959	(5 350)	(373)	3 836	27 503	(3 925)	(6 675)	(4 649)	22 700	(6 725)	(6 725)	(6 726)	65 852	81 564	77 582
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	52 959	(5 350)	(373)	3 836	27 503	(3 925)	(6 675)	(4 649)	22 700	(6 725)	(6 725)	(6 726)	65 852	81 564	77 582

Table 37MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Receipts By Source													1		
Property rates	583	583	583	583	583	583	583	583	583	583	583	583	6 996	7 373	7 772
Property rates - penalties & collection charges	124	124	124	124	124	124	124	124	124	124	124	124	1 487	1 567	1 652
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	40	40	40	40	40	40	40	40	40	40	40	40	478	504	531
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	6	6	6	6	6	6	6	6	6	6	6	6	68	72	76
Interest earned - external investments	42	42	42	42	42	42	42	42	42	42	42	42	509	536	565
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	6	6	6	6	6	6	6	6	6	6	6	6	71	75	79
Licences and permits	84	84	84	84	84	84	84	84	84	84	84	84	1 010	1 065	1 122
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	42 218	1 375	685	126	32 057	–	50	300	24 059	–	–	–	100 870	127 122	127 876
Other revenue	52	52	52	52	52	52	52	52	52	52	52	52	625	659	694
Cash Receipts by Source	43 155	2 312	1 622	1 063	32 994	937	987	1 237	24 995	937	937	937	112 113	138 972	140 366
Other Cash Flows by Source															
Transfer receipts - capital	17 465	–	5 667	10 434	2 171	2 800	–	1 776	5 366	–	–	–	45 679	41 160	42 422
Contributions recognised - capital & Contributed a	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	1 687	–	1 687	–	–	1 687	–	–	1 687	–	6 749	11 028	14 364
Decrease (increase) other non-current receivable	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	60 620	2 312	8 976	11 497	36 852	3 737	987	4 700	30 362	937	2 624	937	164 541	191 160	197 152
Cash Payments by Type															
Employee related costs	3 902	3 902	3 902	3 902	3 902	3 902	3 902	3 902	3 902	3 902	3 902	3 902	46 823	49 820	53 008
Remuneration of councillors	921	921	921	921	921	921	921	921	921	921	921	921	11 052	11 605	12 185
Finance charges	39	39	39	39	39	39	39	39	39	39	39	39	462	1 081	2 058
Bulk purchases - Electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services	1 091	1 091	1 091	1 091	1 091	1 091	1 091	1 091	1 091	1 091	1 091	1 091	13 088	13 795	14 540
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	10	10	10	10	10	10	10	10	10	10	10	10	122	129	136
Other expenditure	2 544	2 544	2 544	2 544	2 544	2 544	2 544	2 544	2 544	2 544	2 544	2 544	30 532	30 966	34 836
Cash Payments by Type	8 507	8 507	8 507	8 507	8 507	8 507	8 507	8 507	8 507	8 507	8 507	8 507	102 080	107 394	116 763
Other Cash Flows/Payments by Type															
Capital assets	4 500	3 200	4 800	4 800	5 200	3 500	4 100	5 500	6 200	6 500	4 600	4 321	57 221	62 660	63 922
Repayment of borrowing	92	92	92	92	92	92	92	92	92	92	92	92	1 102	1 261	3 988
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Payments by Type	13 098	11 798	13 398	13 398	13 798	12 098	12 698	14 098	14 798	15 098	13 198	12 919	160 403	171 316	184 673
NET INCREASE/(DECREASE) IN CASH HELD	47 522	(9 487)	(4 423)	(1 901)	23 054	(8 362)	(11 712)	(9 398)	15 563	(14 162)	(10 574)	(11 983)	4 138	19 844	12 479
Cash/cash equivalents at the month/year begin:	10 430	57 951	48 465	44 042	42 141	65 195	56 833	45 122	35 723	51 287	37 125	26 551	10 430	14 568	34 413
Cash/cash equivalents at the month/year end:	57 951	48 465	44 042	42 141	65 195	56 833	45 122	35 723	51 287	37 125	26 551	14 568	14 568	34 413	46 892

Table 38 MBRR SA32 – List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
Tetrafull 1261 cc	Yrs	3	Maintenance of landfill site	30 June 2014	2 316
Globetech Security Serviess cc	Yrs	3	Security Services	30 June 2014	2 652
Netwize	Yrs	Ongoing	IT Services	N/A	65
Camelsa	Yrs	1	Financial Systems Support	30 June 2014	360
Perst Control	Yrs	3	Perst Control	30 June 2016	332

2.8 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Table 39 MBRR SA33 – Contracts having future budgetary implications

No such contractes in place.

2.9 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		24 514	46 569	55 418	82 593	71 980	71 980	51 679	41 160	42 422
Infrastructure - Road transport		19 077	30 109	42 918	62 093	71 150	71 150	45 679	31 160	32 422
Roads, Pavements & Bridges		19 077	30 109	42 918	62 093	71 150	71 150	45 679	31 160	32 422
Storm water		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	12 500	20 000	–	–	6 000	10 000	10 000
Generation		–	–	–	–	–	–	–	–	–
Transmission & Reticulation		–	–	12 500	20 000	–		6 000	10 000	10 000
Street Lighting		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs		–	–	–	–	–	–	–	–	–
Water purification		–	–	–	–	–	–	–	–	–
Reticulation		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation		–	–	–	–	–	–	–	–	–
Sewerage purification		–	–	–	–					
Infrastructure - Other		5 437	16 461	–	500	830	830	–	–	–
Waste Management		–	169							
Transportation	2	5 437	16 292							
Gas										
Other	3				500	830	830	–		
Community		7 535	13 582	–	–	–	–	–	–	–
Parks & gardens										
Sportsfields & stadia		394	2 872							
Swimming pools										
Community halls		4 146	4 823							
Libraries										
Recreational facilities		2 995	482							
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries			5 405							
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		1 918	2 628	9 326	13 082	826	826	5 542	21 500	21 500
General vehicles		378	2 051	199	4 672	518	518	1 950	500	500
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		223	19	108	1 102	–	–	1 450		
Computers - hardware/equipment		244	195	344	93	93	93	225		
Furniture and other office equipment		241	363	160	215	215	215	327		
Abattoirs				–	–	–	–			
Markets				–	–	–	–			
Civic Land and Buildings				–	–	–	–			
Other Buildings		832		8 515	1 000	–	–	–	20 000	20 000
Other Land				–	–	–	–			
Surplus Assets - (Investment or Inventory)				–	–	–	–			
Other				–	6 000	–	–	1 590	1 000	1 000
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		845	–	–	–	–	–	–	–	–
Computers - software & programming		845								
Other *(list sub-class)*										
Total Capital Expenditure on new assets	1	34 811	62 780	64 744	95 675	72 806	72 806	57 221	62 660	63 922

Table 41 MBRR SA34b - Capital expend on the renewal of existing assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		–	–	–	–	–	–	–	–	–
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	–	–	–	–	–	–	–	–
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Capital Expenditure on renewal of existing	1	–	–	–	–	–	–	–	–	–

Table 42MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		805	1 901	1 019	2 744	1 995	1 995	2 085	2 197	2 316
Infrastructure - Road transport		805	1 901	1 019	2 744	1 995	1 995	2 085	2 197	2 316
Roads, Pavements & Bridges		805	1 901	1 019	2 744	1 995	1 995	2 085	2 197	2 316
Storm water										
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		–	–	–	–	–	–	–	–	–
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		1 175	941	1 529	5 659	2 992	2 992	4 082	4 302	4 534
General vehicles		593	447	510	1 450	997	997	1 004	1 059	1 116
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		5	40	255	223	499	499	101	106	112
Computers - hardware/equipment		62	39		30					
Furniture and other office equipment			200		–					
Abattoirs					–					
Markets					–					
Civic Land and Buildings					–					
Other Buildings		515	216	765	3 956	1 496	1 496	2 976	3 137	3 307
Other Land					–					
Surplus Assets - (Investment or Inventory)					–					
Other					–					
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other *(list sub-class)*										
Total Repairs and Maintenance Expenditure	1	1 980	2 842	2 548	8 404	4 987	4 987	6 166	6 499	6 850

2.10 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. **In year reporting**

   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) still need to improve.

2. **Internship programme**

   The Municipality is participating in the Municipal Financial Management Internship programme that is funded by National Treasury and has appointed five (5) interns on a 2 year contract basis. This is a conditional grant allocation and it is then the responsibility of the municipality to ensure Financial Management Grant is spent in full at the end of the year.

3. **Budget and Treasury Office**

   The Budget and Treasury Office has been established in accordance with the MFMA.

4. **Audit Committee**

   The Audit Committee is functioning satisfactorily during the year.

5. **Annual Report**

   Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. **Policies**

   An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.11 Municipal manager's quality certificate

I,BE Ntanzi, municipal manager of Nongoma Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

BE Ntanzi

Municipal manager of Nongoma Municipality (KZN265)

Signature _____

Date 20 March 2014